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## As Algeria Militants Gain, Authority Retreats and Crumbles

By Chris Hedges  
New York Times Service

ALGERIA — The armed Islamic insurgency that has been fighting for two years is swiftly gaining ground against a military-backed government whose authority seems to be deteriorating daily.

Many of the army generals who rule Algeria, along with their supporters, have retreated to tightly guarded seaside compounds outside Algiers. To travel to and from offices and meetings, they often use helicopters.

Twenty-six foreigners have been shot and killed in the last four months, spurring an exodus of workers and diplomats. Police officers and troops withdraw at dusk from many villages and city slums where the militants enjoy wide support. The nightly curfew is punctuated with gunfire.

Hundreds, perhaps as many as 8,000 young men, have deserted from the army this year, diplomats say. Many have

taken their weapons with them to the mountainous interior where Islamic militants are forming a formidable army.

In response to the killing of Algerian officials and members of the security forces, paramilitary death squads have responded with fatal attacks on those suspected of being militants, say Western diplomats and human rights officials.

Foreign embassies, including the U.S. Embassy, have

Algeria reportedly is now sponsoring paramilitary death squads to deal with suspected Muslim militants. Page 5.

reduced their staffs, warned their citizens to leave and relocated remaining diplomats to secure compounds. One Western embassy requires bulletproof vests for its diplomats, who like all foreigners working in Algeria have been threatened with death by the militants if a deadline of Nov. 30 for leaving is not met.

The French, once the junta's strongest backers, have begun to distance themselves from the faltering government.

"The biggest risk now is a convergence of the social and political problems," a European diplomat said. "If there is unrest on the streets because of the growing food shortages the troops may not want to shoot. At that point things would unravel. I could then see an alliance between junior officers and Islamic leaders that would lead to an Islamic state."

Algeria felt the power of Muslim militancy in 1991 when the Islamic Salvation Front defeated the governing party in the first round of voting in parliamentary elections. Rather than allow the Islamic party to form a government, the military removed President Chadli Bendjedid in January 1992 and canceled the elections.

The generals later named a five-man committee to rule the country. Although a national conference to choose a

new president is scheduled this month, it is seen as window-dressing for continued military rule.

The creation of an Islamic state in Algeria could force 500,000 Algerians to flee to France, European diplomats said.

Outlawed in 1992, Islamic groups in Algeria began an armed insurrection, ambushing police and government officials. In the last two years, the campaign has killed 2,000 people. But Islamic leaders say they have lost control of the insurrection as new groups, such as the Islamic Armed Movement and the Armed Islamic Group, have emerged to supplant the traditional leadership of the Islamic Front.

The only tactic that might salvage some form of the widely unpopular military-run government is a dialogue between the generals and the Islamic Salvation Front, say many critics of the government. But with the generals and the militants showing little willingness to compromise, the

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## U.S. Rebuffs French Plea For Action On Bosnia

Christopher Rules Out Use of Ground Troops To Impose Settlement

By William Drozdiak

Washington Post Service

PARIS — The United States on Monday rebuffed a French appeal to join with European states in taking bolder action to impose a peace settlement on the warring parties in Bosnia-Herzegovina.

Warning that the Balkan civil war was approaching a dangerous threshold, French leaders, in talks with Secretary of State Warren M. Christopher, urged the United States to exert new pressure on all parties to reach a diplomatic solution as soon as possible.

In the absence of an agreement, they said the United States should be ready to take more assertive military action in cooperation with the European allies to compel Bosnia's Serbs, Croats and Muslims to accept a lasting truce and the ethnic partition of their country.

But Mr. Christopher rejected the French plea and insisted that the United States would continue to remain aloof from Western Europe's gravest security crisis. He told his hosts that the United States would not back any effort to impose an accord and had no intention of expanding its involvement.

Speaking after talks with Foreign Minister Alain Juppé, Mr. Christopher said the United States would "live up to its obligations" to use air power under NATO resolutions that urge the Serbs to stop the strangulation of Sarajevo, to allow Tuzla airport to be opened for humanitarian aid deliveries and to permit the rotation of United Nations troops trapped in the Muslim enclave of Srebrenica.

But he added, "As far as the situation overall, I have to emphasize again that the United States is not prepared to put ground troops into Bosnia in order to resolve or impose a solution to the conflict there."

Mr. Christopher's message was repeated in meetings with Prime Minister Edouard Balladur and President François Mitterrand, leaving the French government deeply disappointed.

[The president's office said Mr. Mitterrand had told Mr. Christopher that France would soon put forward new proposals regarding the war in Bosnia. Reuters reported. A spokesman for the office, Jean Musitelli, said the ideas would be put on the table "very soon," probably this week.]

Senior French officials said Mr. Juppé explained to Mr. Christopher that France believes a catastrophic scenario is unfolding in Bosnia.

The French foreign minister added that conditions for UN troops delivering humanitarian aid on the ground, including 6,000 French soldiers, were becoming unbearable. By the end of winter, all 26,000 UN troops may have to terminate their mission and withdraw.

With mostly Muslim forces loyal to Bosnia's government gaining military strength and recapturing territory, France fears that the Serbs and Croats may soon activate their alliance and seek to crush the Muslims.

A French official who participated in the talks said: "At that point, the Muslims will ask the Americans to rescue them, and the United States will have to react to a truly genocidal situation. That's why it is important for Washington to take a more active role now, before it goes that far."

Mr. Christopher argued that the Serbs were the principal culprits in the war and that any military effort by the Muslims to regain territory was fully justified.

He told reporters that the United States still favored lifting the ban on weapons deliveries because, he said, "We think the arms embargo has worked adversely with respect to the Muslims, in an unfair way."

The French, in turn, contend that lifting the arms embargo will only escalate the fighting and possibly expand the conflict to Kosovo and Macedonia.

## Clinton Picks Aspin's No. 2 As New Pentagon Nominee

By Paul F. Horvitz  
International Herald Tribune

WASHINGTON — President Bill Clinton on Monday selected the No. 2 official at the Pentagon, William J. Perry, as his latest nominee for secretary of defense.

Mr. Perry, currently the deputy secretary of defense, has maintained close ties with the California weapons industry and high-tech laboratories and is considered one of the fathers of the radar-evading "Stealth" aircraft technology.

The 66-year-old former engineering and mathematics professor is reportedly well-liked at the Pentagon and by key members of Congress but has so far maintained a low public profile.

Though he passed Senate muster for the deputy's job, Mr. Perry would be required to undergo a second confirmation hearing.

In announcing the nomination, Mr. Clinton said Mr. Perry had "demonstrated leadership, integrity and mastery in his field." He praised his nominee as having "the right skills in management" and "the right vision for the job."

Mr. Perry said he would continue to press for a reformed Pentagon system of buying new weapons and equipment "at affordable prices" and promised to continue the policy directions set out by his predecessor.

Despite reports to the contrary, Mr. Perry said he "did not have to be persuaded to take this job."

Among those praising the nomination was

Senator John Glenn, an Ohio Democrat and a member of the Senate Armed Services Committee, which will hold confirmation hearings. He declared Mr. Perry "confirmable."

If approved by the Senate, Mr. Perry would anchor an important foreign policy position that the White House has had considerable trouble filling.

Mr. Clinton's first defense secretary was Les Aspin, who resigned last month after a rocky first year in which he was viewed by the White House as too indecisive.

Bobby Ray Inman, a retired admiral and former top intelligence official named to succeed Mr. Aspin, threw up his hands on the eve of his Senate confirmation hearings this month and withdrew with a broadside against critical newspaper columnists.

Mr. Perry's name arose quickly after the shock of Mr. Inman's withdrawal. But two other potential nominees — Senator Sam Nunn, the Georgia Democrat, and former Senator Warren Rudman, a New Hampshire Republican — reportedly rejected White House feelers.

"I think Sam Nunn always knew that if he was interested in that job, that I was open to him," Mr. Clinton said earlier Monday. But the president denied that anyone else but Mr. Perry had been offered the job.

Mr. Perry accepted it only reluctantly, and Vice President Al Gore played an important role in persuading him to accept. The New York Times reported.



President Bill Clinton arriving for a news conference Monday with William Perry, whom he nominated to be secretary of defense.

## A Too-Ambitious Agenda Undid Hosokawa Reforms

By James Sterngold  
New York Times Service

TOKYO — The defeat of Japanese electoral reforms has not just crushed the ambitions of Prime Minister Morihiro Hosokawa and his awkward coalition, but it also has blocked the political revolution that he helped set loose.

It remains unlikely, though, that the forces pushing for change will be turned back entirely.

Young, unafraid of the old political taboos, and a gifted salesman with a seductively understated manner, Mr. Hosokawa charmed the

### NEWS ANALYSIS

public from the moment he took office last summer with the idea that he would bring major changes to outmoded political and economic structures, and that the changes would be relatively painless.

Within his first few weeks as prime minister, he issued the apology for Japan's World War II aggression that none of his predecessors were able to utter, vilified the corruption and collusion that characterized the previous 38 years of Liberal Democratic Party rule, and vowed to make consumers, rather than corporate Japan, the beneficiaries of government policy.

Mr. Hosokawa made it seem so easy to talk down the old order, and he was so encouraged by his soaring approval ratings — and popularity with the Clinton administration — that he continued to add to the list, with few questioning whether all of the goals were attainable, or even if they were compatible.

In effect, Mr. Hosokawa transformed the breakup of the Liberal Democrats last summer, popular disillusionment over political corruption, and impatience with stony living standards into not one but a series of revolutions.

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Hosokawa threatens a new election if the opposition balks on a compromise. Page 4.

## Tokyo Market Doesn't Scare Foreign Cash

By Steven Brill  
International Herald Tribune

TOKYO — Prices on the Tokyo stock market, ravaged on Monday by the steepest one-day fall in two-and-a-half years, will probably drop even further until the fate of the government's policy to stimulate the economy becomes clear, market analysts said.

Yet, foreigners, whose buying has made Tokyo the best-performing major market this year, have so far been unfazed. Inspired by Japan's long-term prospects, they are likely to keep buying the market, despite the growing expectation that the major cut in income taxes that is seen as key to economic recovery will be postponed, analysts said.

Indeed, whether Monday's 5 percent sell-off signals just an ordinary correction, or spirals into a deeper descent that could damage Japan's financial system and undermine long-term economic prospects, could depend on the attitude of overseas investors.

"Technically, the market still has a lot to give up," one foreign fund manager said. "But foreign investors couldn't care less. They're not thinking of taking profits for months."

In its first response to Friday's defeat of Prime Minister Morihiro Hosokawa's

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## Starving Siberians Get the Old Apparatchik Runaround

By Fred Hiatt  
Washington Post Service

MOSCOW — While Boris G. Fyodorov, the reformist finance minister, was preparing for the news conference where he would resign, a lonely applicant waited feverishly in his office, hardly aware of the era ending around her.

The desperate woman of Baykit, a Siberian settlement 2,000 miles (3,200 kilometers) east of the capital, had sent Tatiana Kuzmina, 35, to plead their case. Their town was suffering from temperatures at 75 degrees below zero Fahrenheit (minus 60 centigrade) — their apartments were so cold that spilled liquids immediately turned to ice on floors. More important, no one in

the oil-drilling enterprise that is Baykit's sole support had been paid since July. Children were fainting from hunger, said Mrs. Kuzmina, the mother of two.

So all week, Mrs. Kuzmina, a computer programmer, had

The resignation of the reformer Boris G. Fyodorov as finance minister was rejected by Russia's prime minister. Page 2.

traveled from one bureaucrat's anteroom to another, seeking the rubles that, no one disputed, the government owes her and her town. She said she encountered little but high-handed

arbitrariness, a government attitude that has persisted here since czarist days.

Over the weekend, Mrs. Kuzmina flew home empty-handed to a daughter, 6, who cannot shake her whooping cough. And it was perhaps fitting that she did so as the last of the young, reformist idealists were dropping out of President Boris N. Yeltsin's government, returning it to old-style apparatchiks.

For the same bureaucracy that stymied Mrs. Kuzmina last week had defeated, swallowed or corrupted the reformers during the past two years. And, when she examines the sham-

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## The Fat of the Land Is Eluding the Obese

By Kara Swisher  
Washington Post Service

WASHINGTON — Everybody knows that tall men do better than short men, that homely people suffer prejudice while life's lovelies prevail. And if you are very fat, you can pretty much forget about climbing the corporate ladder to the top.

While multitudes of laws against sex and race discrimination have been passed, and claims based on those laws have flooded American courtrooms and resulted in multimillion-dollar judgments, fights against workplace discrimination based on appearance have not had the same success.

But bolstered by another federal law — the Americans With Disabilities Act, passed in 1990 — and several recent studies confirming economic disadvantages suffered because of appearance, the issue of looks is taking its place in workplace discrimination cases.

With a couple of important cases dealing with fat people now working their way through courts, and a push in a few states to include looks protections in civil rights laws, many expect such claims to become more common.

"This is a really live issue," said Peggy Mastroianni, head of the division charged with enforcing the Americans with Disabilities Act for the Equal Employment Opportunity Commission, the federal agency

that handles allegations of employment discrimination in the workplace. "The more people understand the new law and also find other avenues for relief, the more cases I think we are going to see."

Last year, the commission strongly backed a 329-pound (148-kilogram) hospital attendant in Rhode Island in her victorious and precedent-setting case where a federal appeals court upheld the right of some obese people to sue under laws that protect the disabled.

While many see that victory — which could still be appealed — as a positive sign, the battle to make the workplace "looks-blind" remains a tough fight.

Despite advances in the law, civil rights attorneys said it was hard to find clients who were willing to endure the pressures of a major court battle or who have strong enough cases on the basis of looks discrimination alone to guarantee that they would prevail.

"It's clear that it's unfair for people to be discriminated against because of how they look," said Laura Einstein, a civil rights attorney in Washington. "But," she added, "it's more unlikely that someone is going to say they were wronged because they are ugly."

Discrimination because of appearance is not explicitly prohibited under federal law, and only a few state and local laws have "personal

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### Kiosk

## Arafat Seeks to Mend Ties With Fahd

RIYADH (AFP) — The Palestine Liberation Organization leader, Yasser Arafat, met King Fahd here Monday for the first time since infuriating the Saudi monarch by supporting Iraq after the invasion of Kuwait.

A Palestinian diplomat described the encounter, which included discussion on the PLO's talks with Israel, as "very friendly" and said the king "expressed his support and that of his government and the Saudi kingdom for the Palestinian cause and people."

Saudi Arabia was the principal financial backer of the PLO before cutting off \$85.5 million in annual subsidies because of Mr. Arafat's backing of Saddam Hussein in the Gulf War.

### General News

Abortion clinic foes face anti-racketeering law, the U.S. Supreme Court rules. Page 3.  
For Los Angeles commuters, it was a long and winding road. Page 3.

### Business/Finance

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SAS said it does not need an alliance to prosper. Page 9.

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Dow Jones	Trib Index
Down 1.69	Down 1.19%
3,912.79	113.69

The Dollar	Mon. close	previous close
Yen	1.7511	1.7542
DM	1.4945	1.4927
Pound	1.1165	1.1160
Yen	111.65	111.60
FF	5.9425	5.9655

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dn
Armenia.....1.400 CFA	Qatar.....8.00 Rial
Cambodia.....1.400 CFA	Roumania.....11.20 FF
Egypt.....9.00 FF	Saudi Arabia.....3.00 R
France.....9.00 FF	Senegal.....960 CFA
Gabon.....960 CFA	Spain.....200 PTAS
Greece.....300 Dr.	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....T.L. 12,000
Jordan.....1 JD	U.A.E.....5.00 Dirh
Lebanon.....1.50 U.S. \$	U.S. \$1.10



## Under Assad's Gaze, His Enemies' Enemies Wait

By William E. Schmidt  
New York Times Service

DAMASCUS — For all the talk of peace with Israel and a new and more open relationship with the West, this ancient capital remains a city of shadows and secrets, not only for Palestinian guerrilla organizations but also for both exiled Arab leaders and rebellious Kurds. They work from offices on the side streets of Damascus, where silent men keep constant watch.

The Syrian capital is home to 10 hard-line Palestinian groups, most of them driven from Beirut about a decade ago, as well as to Kurdish nationalists and Baghdad intellectuals who oppose the Iraqi president, Saddam Hussein, and Shiite Muslims who are foes of the Saudi government.

For the last seven years, the capital has also provided refuge for Ali Nasser Mohammed Hassani, the former president of South Yemen, who fled to Damascus after he was deposed by hard-line Marxists in 1986, and who now often holds court at a restaurant in the city's fashionable Shaalan neighborhood.

To some in the West, tolerance by Damascus for guerrilla groups and political plotters with whom it is sympathetic is evidence that Syria is still supporting organizations that export violence.

It is this relationship that persuades Washington to keep Syria on its list of nations considered participants in state-sponsored terrorism and to enforce economic sanctions against the country.

But while those ties loom as a major obstacle to improved relations with Washington, diplomats in Damascus say President Hafez Assad is only doing what any shrewd Middle Eastern politician would do, given the constantly shifting Arab politics: offering ref-

uge to the enemies of his enemies, if only because it allows him to keep a closer eye on them.

Syria's internal security forces closely monitor the activities of the array of resistance groups and guerrillas based in the country, from the Popular Union of Kurdistan to the Popular Front for the Liberation of Palestine.

"In recent months, the Syrians have effectively restrained these groups," a European diplomat said, adding that Syria was restricting their activities to distributing information, including radio broadcasts, and organizing political discussions. They are not allowed to undertake any military activity on Syrian soil.

"But just by having them here, it also gives President Assad a strong card," the diplomat continued. "It gives him the ability to undermine anything he doesn't like."

Syria's future relationships with

some of these groups, however, may be on the line as Washington presses Damascus to cut its ties with the hard-liners, especially groups like the Islamic Party of God or the radical Popular Front for the Liberation of Palestine.

At the offices of the Democratic Front for the Liberation of Palestine, a basement warren of small rooms alongside a hairdresser's salon, Daoud Talhamy, the group's urban spokesman, said it was wrong for the West to blame Syria because there are Palestinian groups at war with Israel.

"The Palestinian opposition in Damascus, and other places, is part of the political map of the Palestinian people," Mr. Talhamy said. "To force Syria to close us down

will have no effect on the struggle, because the real opposition comes from inside the territories themselves, not from an office in Damascus."

Rather than foment intrigues and plot the overthrow of their home governments, some of the Arab political exiles taking refuge in Damascus have recently engaged in what Syrian officials describe as constructive activities.

Sheikh Hassan Sagar, the exiled leader of Saudi Arabian Shiites opposed to the Riyadh government, has used his Damascus base to seek accommodation with the government of Prince Fahd.

In November, Mr. Hassani, the former leader of Southern Yemen, became involved, at the request of officials in Aden, in efforts to mediate growing political tension and violence in his former country, which unified with Yemen, its northern neighbor, in 1990.

## Talks Adjourn For Study of Gaza Security

REUTERS

TABA, Egypt — Israeli and Palestinian negotiators met for three hours Monday but adjourned for the week to wait for their leaders to agree on security aspects of Palestinian self-rule.

The meeting dealt with allocating radio and television frequencies to an autonomous Palestinian authority for the Gaza Strip and the West Bank town of Jericho.

The talks in this Red Sea resort have been overshadowed by high-level contacts in Oslo, Cairo, Jerusalem and, next Sunday, in Switzerland.

## WORLD BRIEFS

### U.S. Plays Down China Rights Moves

PARIS (Reuters) — China took new steps Monday to address U.S. human rights concerns, but Secretary of State Warren M. Christopher said it was not yet enough to warrant renewal of U.S. preferential trade status.

Mr. Christopher, after talks with Foreign Minister Qian Qichen, called the discussions "positive and constructive" and announced plans for more high-level contacts, including a possible trip to Beijing by the secretary himself.

While Mr. Qian agreed to discuss 235 specific rights cases raised by the Americans, Mr. Christopher said there was no progress on President Bill Clinton's demand for release of anti-government demonstrators jailed after the 1989 Tiananmen Square crackdown. Washington has threatened to withdraw most-favored-nation trade status unless its concerns on human rights are satisfied.

### Iran Accused in Slaying of Bakhtiar

PARIS (AFP) — A prosecutor's report says that Tehran's intelligence service was directly involved in the August 1991 assassination near Paris of a former Iranian prime minister, Shapur Bakhtiar, a source familiar with the document said Monday.

The report, submitted to the judge handling the investigation, said the Iranian service had provided logistical assistance to those who carried out the killing of Mr. Bakhtiar and his secretary in a Paris suburb.

The Iranian Embassy here immediately denied the charge, saying that Tehran condemned "all terrorist action." Four people have been charged in the killings, and three are in custody.

### Italy Arrests Industrialist for Fraud

ROME (Reuters) — Gaetano Mancini, former chairman of Italy's failed state holding company EFIM, was arrested Monday on suspicion of fraud and false accounting, the police said.

Mr. Mancini, 70, chairman until the group went into liquidation in August 1992, was held as part of an investigation into alleged corruption at EFIM's Alumin SpA aluminum subsidiary, the police said. The former Alumin chairman, Corrado Innocenti, was being sought on suspicion of committing the same offense.

EFIM, which was Italy's third-largest state holding company, controlled more than 140 companies ranging from aerospace companies to car windshield makers when it was put into liquidation with \$17.5 billion of debts.

### Former Greek Bank Leader Killed

ATHENS (Reuters) — The former chairman of Greece's largest commercial bank died 12 hours after being shot four times at close range by a leftist guerrilla group.

In a statement sent to the private SKAI television station, the group, known as November 17, said it shot Mihalis Vranopoulos for "high treason" tied to the purchase of the state-owned Heracles General Cement Company in 1992.

Mr. Vranopoulos, 48, was the chairman of the state-run National Bank of Greece when it teamed up with Italy's Calcestruzzi and bought 70 percent of Heracles for \$225 million. November 17 said kick-backs amounting to \$12 million had been paid during the sale of Heracles by Greece's then-ruling conservative government.

### Chirac Moves to Grasp Nomination

PARIS (Reuters) — Jacques Chirac, the Gaullist mayor of Paris and a former prime minister, was reported Monday to be moving to sew up his party's nomination for the 1995 French presidential election before the tide turns in favor of Prime Minister Edouard Balladur.

The newspaper Liberation said Mr. Chirac, 61, trailing far behind Mr. Balladur, 64, in opinion polls, had decided to bring forward the RPR for the Republic's congress to June from September to proclaim his own candidacy.

A senior party official cast doubt on the report, saying it could be part of a whispering campaign by opponents to portray Mr. Chirac as a desperate man in a hurry. But the official acknowledged that the wording of Mr. Chirac's announcement, that he would not lead the conservative campaign for the European Parliament elections in June had made clear that Mr. Chirac was concentrating on the presidential campaign.

### Deadlock on North Korea Lingers

VIENNA (Reuters) — North Korean diplomats held inconclusive talks with the International Atomic Energy Agency on Monday on the deadlock over Pyongyang's refusal to allow full inspection of its suspected nuclear sites.

"There's not much we can report from today," said an agency spokesman, David Kyd. "They will be back tomorrow, we hope with more substantive instructions from Pyongyang." The United States believes North Korea is secretly building nuclear bombs and may already have produced a few crude devices.

### Correction

Because of an editing error, an article from Paris in Monday's edition on the evaluation of the CFA franc in Africa misidentified the region in which CFA stands for Coopération Financière en Afrique. The region is Central Africa.

## TRAVEL UPDATE

### Strike Threatens Spanish Transport

MADRID (Reuters) — Unions and government transport officials failed Monday to agree on what minimum services would operate during a general strike called for Thursday to protest the government's proposed labor policy.

Unions are seeking a cut of 75 percent to 80 percent in bus and subway services in Madrid and Barcelona, rejecting the government proposed 60 percent reductions. The unions hope to close schools, stores, factories, media and government offices in a protest over government plans to restrict wage growth as a way to bolster employment.

The two sides did reach agreement on minimum services for sea and road transport, national flights and for ports and airports. The Transport Ministry said international flights would operate at 12 percent of normal levels.

The U.S. Supreme Court declined to rein in the fees airports charge to airlines for using runways, passenger terminals and other services. By a 7-1 vote, the court ruled Monday that a federal law requiring such fees to be "reasonable" gave airports the discretion to decide how much to charge. Only new regulations imposed by the federal government can limit that discretion, the court said. (AP)

Hungary will auction hundreds of castles, mansions and hunting lodges for as little as \$50,000 as it privatizes unproductive state property, an official said Monday. Up to 250 properties will go on sale in the spring after the State Property Agency finishes evaluations. (Reuters)

Israel is ready to open its sea and airports to Jordan and allow the Arab nation to use its air space for flights to Europe, the transport minister said Monday. The offer is conditioned on Israel receiving the same rights. Transport Minister Yisrael Kessari's office said. (AP)

Air France has unveiled a new interior design by Andre Putnam for the superjumbo Concorde, aimed at keeping passengers relaxed as they streak over the Atlantic at 2,200 kph (1,360 mph). The decoration will cost \$5 million francs (\$930,000) for five of the airline's seven Concorde. (AP)

About 40 percent of robbery reports filed by foreign tourists in Rio de Janeiro may be false, mostly filed to collect insurance money when the tourists return home, according to police officials. They said most of the false reports are for cash and cameras and video equipment. (AP)

## Russia Seeks to Keep Reformer in Cabinet Resignation Is Rejected

By Steven Erlanger  
New York Times Service

MOSCOW — The search for a finance minister took on absurd proportions Monday, as Prime Minister Viktor S. Chernomyrdin met the reformist reformer, Boris G. Fyodorov, and said that his resignation was still not accepted.

Mr. Chernomyrdin was said to be surprised and upset by the negative reaction in the West to a new Russian government without its best-known market reformers, Yegor T. Gaidar and Mr. Fyodorov, who fought to restrain excess spending, credits and inflation.

Mr. Chernomyrdin is said to have appealed urgently to the International Monetary Fund not to postpone a scheduled high-level visit to Moscow this week to discuss new loans, and the IMF has agreed to come despite the lack of a finance minister, senior Western diplomats said.

They said the IMF decision was apparently made in order to keep good relations with the new government. But some criticized the move, saying it would engage the IMF in domestic Russian politics and might undermine the agency's perceived commitment to lower inflation and budget deficits as necessary conditions for further loans to Russia.

Mr. Fyodorov, who has twice refused to remain as finance minister under current conditions, did not meet President Boris N. Yeltsin on Monday, as had been expected. In his conversations with Mr. Chernomyrdin, Mr. Fyodorov was said to be seeking an enhanced rank of first deputy prime minister, with full financial responsibility over government policy, and the dismissal of the central bank chairman, Viktor V. Gerashchenko.

Mr. Fyodorov was said to feel that his bargaining position had been improved by his refusal to join the government last week, which had surprised Mr. Chernomyrdin. He wants to ensure that if he lends his credibility with Western governments and institutions to the new government, he has the power to do his job.

Mr. Yeltsin, who met Monday with the last well-known reformer in the cabinet, Privatization Minister Anatoli B. Chubais, is said to be reluctant to dismiss Mr. Gerashchenko, in part because he does not want a confirmation fight in the new Duma, which is dominated by a loose coalition of ultranationalists and Communists. Mr. Chernomyrdin, officials said, is more willing to sacrifice Mr. Gerashchenko, although he may be betting on Mr. Yeltsin's reluctance to do so.

Mr. Yeltsin was said by officials to be slightly depressed and even apathetic in recent days. He has developed a pattern of periods of intense activity around crises and big events, like summit meetings, followed by periods of lassitude.

Mr. Chernomyrdin, before flying to Orel, in central Russia, met Mr. Yeltsin for 30 minutes and later said that "the new government has only just started work and people are already burying it."

He said he had no differences with Mr. Yeltsin, that his government would continue tough credit and financial policies and that "the cabinet does not intend to grant credits easily."

But he also said the government would pay its obligations to farmers and others, which Mr. Fyodorov had resisted as inflationary, and talked again of using "non-monetary methods" of fighting inflation, like negotiated wage and price controls.

According to Western diplomats and bankers, the previous government delayed paying obligations in amounts of up to 6 billion rubles (\$4 billion) late last year. That is nearly 10 percent of gross domestic product and would be highly inflationary if paid in full.

Alexander K. Zverevykh, the deputy prime minister for agriculture, said during the weekend that the cabinet planned to spend 14 trillion rubles on agricultural subsidies in 1994, which is said to be a rise of at least 7 percent over 1993.

"This is fully within the scope of our state budget," he said. The draft 1994 budget was not released Monday as scheduled.

Citing inflation and the budget deficit, the new economics minister, Alexander Shokhin, said Monday that Russia would not soon be able to meet IMF conditions for a second loan of \$1.5 billion.

In Paris, a spokesman for Secretary of State Warren M. Christopher said he had agreed with the French foreign minister, Alain Juppé, about the need to continue financial support to Russia.

"Aid to Russia is going ahead," said the spokesman, Richard Duke. "I heard no one call it into question."

It seemed another example of the State Department in some conflict with the Treasury Department, whose officials have said that Russia's chance of getting new IMF aid was practically nil.

### Pravda Suspends Printing After Collapse of Partnership

REUTERS

MOSCOW — Pravda said Monday that it was suspending publication after the acrimonious collapse of its partnership with a Greek millionaire and that it expected to be off the streets for several days.

The newspaper, for decades the mouthpiece of the Soviet Communist Party, angrily accused its Greek partners of seeking a take-

## Bonn Rethinking Its EU Contribution

REUTERS

BONN — Finance Minister Theo Waigel called Monday for a review of Germany's contribution to European Union coffers, and opposition Social Democrats said the generous rebate to Britain should be scrapped.

Bonn has long been Europe's main financial source, contributing about 28 percent of total EU funds, but mounting budget difficulties since German reunification in 1990 have caused the central bank, the Bundesbank, and others to call for cuts.

With opinion polls showing German enthusiasm for the European Union on the wane while

social services are being cut and taxes increased at home, EU contributions could become a major issue in an election year.

Germany also feels aggrieved because it has provided the lion's share of Western aid to Eastern Europe and to the former Soviet Union, more than all its EU partners put together.

A spokesman acknowledged that any changes in the formula, under which Germany makes the largest net payments into EU coffers while Britain gets a two-thirds rebate, would require the consent of all 12 member countries.

The Bundesbank said Germany's net payout to EU budgets had risen from 10.5 billion Deutsche marks (\$6 billion) in 1987 to 22 billion DM in 1992 and would rise to 30 billion DM by 1997.

Britain's success in obtaining and holding onto a rebate of 66 percent of the excess of its contributions to the EU over its receipts increasingly rankles in Germany.

"The rebate of around 6 billion DM a year granted to Britain in 1985 is no longer justified," said Ingrid Matthaeus-Maier, deputy leader in parliament of Germany's Social Democratic Party, which hopes to take power in national elections in October.

His remarks seemed directed at Prime Minister Viktor S. Chernomyrdin's recent remarks that his government intends to abandon what he called "market romanticism" and boost production in old-style heavy industries established in the Communist era.

He said that at the summit meeting in Moscow two weeks ago, Mr. Yeltsin "vowed that he would keep reform going full-speed ahead," and Mr. Clinton promised to use U.S. influence with the West's major industrial nations and international lending institutions to intensify financial support for Russian reform.

"President Yeltsin needs to have confidence that if he continues to press forward on a strong economic reform program, Western support will be swift and substantial," Mr. Talbot said. "But he and his colleagues must understand the cause-and-effect relationship between internal reform and outside support. Our support will follow their reform. It cannot be the other way around."

But he stressed repeatedly that the administration would watch the Yeltsin government's actions carefully. And, he added, the United States has been especially firm in urging Mr. Yeltsin to stand firm against inflation despite calls for easing the pain that economic austerity has caused. To slow the pace of reform and continue to prop up inefficient Communist-era industries only would prolong the suffering, Mr. Talbot said.

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### Ariane Failure Strands Satellites

REUTERS

KOUROU, French Guiana — Europe's 63d Ariane rocket, which was carrying two French-made satellites, failed to reach orbit after being launched Monday, space officials said.

"The third stage stopped working in flight," Charles Sigot, president of Arianeespace, said. The failure was the first after 27 straight launching successes.

### Oso Picks Foreign Minister

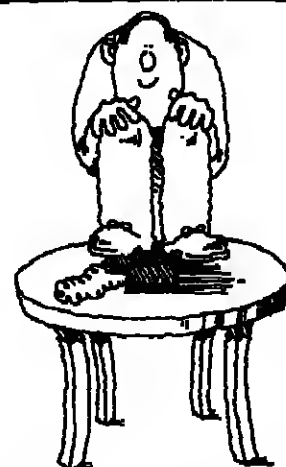
REUTERS

OSLO — Bjorn Tore Godal, 49, formerly trade and shipping minister, was appointed foreign minister on Monday to succeed the late Middle East peace broker, Johan Jorgen Holst, who died Jan. 13.

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OVERHEARD



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# THE AMERICAS / A CHOICE RE-ENFORCED

## ★ POLITICAL NOTES ★

### President Starts Year 2 on High Note in Poll

WASHINGTON — Rising economic optimism and an improved personal standing with the American people are sending President Bill Clinton into his second year on a high note, according to the latest Washington Post-ABC News poll. So far, there is little indication that controversy over his Whitewater business dealings has cast much of a cloud over him or his wife, Hillary Rodham Clinton.

The survey, completed Sunday of 1,507 randomly chosen people, showed Mr. Clinton holding the edge he made toward the end of the 1993 congressional session. He moved up in the public estimate of his foreign-policy skills — likely as a result of his trip to Western Europe and Russia early this month.

On the eve of the president's State of the Union address, 60 percent of those polled have a favorable impression of him, his highest score since his inauguration a year ago, and 55 percent have a favorable view of Mrs. Clinton. By contrast, two leading opposition figures, the Senate minority leader, Bob Dole of Kansas, and the former independent presidential candidate Ross Perot, have favorable scores of 35 and 32 percent.

The State of the Union address will be televised live by CNN at 9 P.M. eastern standard time Tuesday (GMT Wednesday).

A 44 percent plurality of those polled said the economy was improving, while only 18 percent saw it worsening — a reversal of the sentiment that prevailed during 1992 and most of 1993.

As a result, approval scores for his handling of the economy have climbed back into the positive range he enjoyed in the early months of his presidency and his overall approval score — 56 percent — is in positive territory for the fifth straight month.

His approval score for foreign affairs, which languished when attention focused on U.S. troops in Somalia last fall, has bounced up to 54 percent.

(UPI)

### Judge Orders Packwood to Turn Over Diaries

WASHINGTON — A federal judge ruled Monday that Senator Bob Packwood must turn over his diaries to the Senate ethics committee, which is investigating allegations of sexual misconduct, obstruction and witness intimidation.

The U.S. District Court judge, Thomas Penfield Jackson, acknowledged that the material sought by the committee was "extremely personal and private in nature."

But he said the committee, which subpoenaed the diaries, "must review the materials in a manner that 'respects Senator Packwood's legitimate expectations of privacy and is, therefore, reasonable' under the Fourth Amendment to the U.S. Constitution."

He set a hearing for Thursday to decide procedures for the diaries to be provided. The diaries currently are in the court's custody.

Bobbi Munson, Mr. Packwood's press secretary, said the senator had no immediate comment on the ruling and would have none until he had reviewed it with his attorney, Jacob Stein.

The Justice Department also has subpoenaed the diaries for a criminal investigation of Mr. Packwood. The judge did not address the department in his ruling, most likely because the department joined the Senate's lawsuit for the diaries by filing motions in secret.

Mr. Packwood already has given the committee copies of diary entries from 1969-89. But his cooperation ended when the diary found entries that raised questions about whether Mr. Packwood, Republican of Oregon, used his office to benefit lobbyists and businessmen who offered him a job.

The committee demanded the diaries to consider whether to expand its probe to include the job offers, which also are the focus of the Justice Department probe.

The committee is investigating allegations that Mr. Packwood made unwanted sexual advances to more than two dozen women, tried to intimidate some of his accusers and attempted to obstruct the inquiry by altering the diaries.

(AP)

### Quote/Unquote

Mr. Clinton, after a rare weekend at the Camp David presidential retreat, cross-country skiing and playing pinball. "I didn't set any Nordic records yesterday cross-country skiing, but we had a wonderful time."

(AP)

### Clinton's 1-2 Punch: Health and Crime

By Gwen Ifill

WASHINGTON — In his State of the Union address on Tuesday, President Bill Clinton will try to draw attention to his health care plan and make a new bid for middle-class support by emphasizing themes such as the need for more individual responsibility and federal action against crime, according to aides.

The Clinton speech is not expected to include major initiatives. But aides consider this address pivotal and said that the president would move beyond the economic security issues he concentrated on last year.

This year's address, which will be Mr. Clinton's first State of the Union address, will instead focus on the fight for universal health coverage, crime control, worker retraining and, to a lesser degree, restructuring of welfare.

In addition, in an effort to demonstrate that

he can be as tough on crime as any Republican, Mr. Clinton is expected to endorse a provision of the Senate's crime bill that would require those who are convicted of three violent felonies to be sentenced to prison for life.

That measure, sponsored by Senator Trent Lott, Republican of Mississippi, applies only to convicted felons who commit the crime on federal property. Although its application would be narrow, its significance is symbolic, as governments in several states are proposing similar provisions.

In endorsing that idea, Mr. Clinton will join a host of Senate Democrats who approved it in November, but at the same time will place himself in opposition to Democrats in the House who oppose it. The president has praised some provisions in the Senate legislation, such as a ban on assault weapons, but has not taken a position on the entire bill.

Crime measure are not the most significant elements of Mr. Clinton's domestic goals or of the speech the president will deliver. Health care remains the administration's highest priority, but aides said the references to crime have expanded in the text in response to the polls showing it outpacing even health care as a matter of public concern.

The pattern that is emerging for Mr. Clinton's address draws heavily on one of his favorite themes: that the United States can prosper only if its citizens rely less on government and more on themselves.

Mr. Clinton's advisers hope that such an approach will deflect Republican criticism that his health care plan would give government too big a role in personal choices. They also hope it will calm congressional liberals who worry how a government run by a self-described progressive Democrat can be more active when it has less money to spend.

Q. On health care, we are likely to see a very strong public relations campaign by the White House this year?

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## Ruling Throws Racketeering Law at Abortion Clinic Foes

By Linda Greenhouse

New York Times Service

WASHINGTON — The Supreme Court ruled unanimously Monday that abortion clinics can invoke the federal racketeering law to sue violent anti-abortion protest groups for damages.

The opinion, written by Chief Justice William H. Rehnquist, gives abortion clinics a potentially powerful legal weapon, including the prospect of triple damages, to combat and possibly to deter the violence that has made it increasingly risky and expensive for clinics to stay in business.

The decision reinstated a lawsuit brought by the National Organization for Women that charged Operation Rescue and several other groups and individuals with running a nationwide conspiracy to drive abortion clinics out of business through a campaign of intimidation, bombings and other violent acts.

Abortion-rights groups hailed the ruling as a significant victory, although their lawyers cautioned that the task of proving the lawsuit's allegations still lay ahead. While there is no doubt that bombings, vandalism, harassment of staff, and other acts have occurred, the plaintiffs have to prove in court that the acts were part of a "pattern of racketeering activity" undertaken by the groups and individuals named in the lawsuit.

Anti-abortion groups condemned the court for "a vulgar betrayal of over 200 years of tolerance towards protest and civil disobedience," as Randall A. Terry, the founder of Operation Rescue and a defendant in the lawsuit, said Monday.

Two lower federal courts in Chicago had dismissed the lawsuit on the ground that the Racketeer-Influ-

enced and Corrupt Organizations Act, the federal law more commonly known as RICO, applied only to activities motivated by a desire for economic gain. The defendants' actions as described in the lawsuit were "reprehensible" but had a political and ideological motive rather than an economic goal, the U.S. Court of Appeals for the 7th Circuit concluded in dismissing the suit in 1992.

But Chief Justice Rehnquist said Congress had not required an economic motive when it passed the racketeering law in 1970. Noting that an economic motive requirement was "neither expressed nor, we think, fairly implied" in the law, the chief justice said, "We believe the statute's language is unambiguous."

The decision, National Organization for Women v. Scheidler, No. 93-780, was the latest in a long list of Supreme Court rulings to give a broad interpretation

to the RICO law, which Congress originally passed to combat the infiltration of legitimate businesses by organized crime. The law quickly became popular as a useful tool in business disputes and other contexts far removed from organized crime.

The court has expressed discomfort with this development but has frequently declared that any limitations in the vaguely written law had to be placed there by Congress and not by federal judges. It was evident when the court heard arguments in the case last month that at least a majority of the justices was prepared to let this lawsuit proceed.

RICO makes it illegal to conduct the "affairs" of an "enterprise" through a "pattern" of racketeering activity. A pattern is established by proof of at least two actions that violate any of a list of state and federal crimes; an actual conviction is not necessary.

## Some Cruise, Some Lose on L.A. Freeways

Compiled by Our Staff From Dispatches

LOS ANGELES — Commuters poured onto a crippled freeway system Monday, testing a patchwork of repairs and detours that engineers hoped would ease the gridlock brought by last week's earthquake.

Many commuters opted to stay home last week to wait out the traffic jams or repair their homes. But by Monday, as the city struggled to return to normal, more people ventured out to resume their routines.

While early traffic through one bottleneck north of Los Angeles moved faster than expected, highways and surface streets on the city's west side were jammed as motorists made their way around several breaks in Interstate Highway 10.

Train service helped ease the crunch for commuters from the Santa Clarita Valley, 25 miles (40 kilometers) northwest of Los Angeles, but there were no rails for west side commuters to ride.

Residents of the city's distant northern suburbs have been forced to take narrow frontage roads through mountain passes. Virtually all of those routes funnel into the main bottleneck at the point of a much-photographed freeway col-

lapse — the interchange of I-5 and Highway 14 about 25 miles north of downtown.

Transportation Secretary Federico F. Peña had predicted backups of 30 to 40 miles in that area on Monday, which is down to half its normal capacity of 275,000 cars. Early traffic flowed smoothly, but the backup built through the morning.

"It's a lot better than TV said it would be," said Tom Bateman said of the drive from the north. He rode with a friend from Santa Clarita and made it to work at a rocket engine plant in Canoga Park in 45 minutes. That was a vast improvement from the nightmare four hours similar commuting took last week.

The year-old Metrolink train system added routes in hopes that disaster would succeed where public relations had failed and lure commuters in this automobile Mecca out of their cars.

Scott Willens, 38, a garment district worker, said he found his first ride on the train an enjoyable one. But he said he worried about not having his late-model Honda for emergencies.

"Basically, your wings clipped," he said. "In California, your car is your freedom."

Mr. Peña rode the Metrolink train Monday on its inaugural run from Lancaster, 40 miles

north of downtown in the Antelope Valley. He emerged at Union Station to report estimates that train ridership had doubled for the day to more than 20,000.

But the train system was not without its problems.

"There was such a mob scene in Santa Clarita," said Kent Cahill, who works in the district attorney's office downtown. "You can't even get near the platform to get your ticket stamped. The train was leaving with empty seats, and there were lines of people waiting to get their tickets punched."

Commuters face a sterner test Tuesday, when all but about 9,000 of the 640,000 students in the Los Angeles Unified School District are scheduled to return to classes.

The quake, which Jan. 17 and measured 6.6 on the Richter scale, is being blamed for 57 deaths. Aftershocks as strong as 4.5 on the Richter scale kept the city on edge over the weekend.

The Red Cross was sheltering 10,500 people in schools, gymnasiums and tents. An additional 4,400 people were in tent cities put up by the National Guard and run by the Salvation Army.

(AP, Reuters)



Los Angeles-area residents stuck to their routine on a beachfront path as an earthquake-loosened house loomed on the cliff above.

## Designing for Looks Weakened Spans

### Y-Shape Prevented Movement

By Calvin Sims

New York Times Service

LOS ANGELES — Preliminary findings suggest that the columns on Simi Valley Freeway collapsed in last week's earthquake because they contained an architectural element known as flaring that prevented them from swinging back and forth as they were designed to do in a major quake.

"These results are still preliminary, but it appears that the columns would not have failed if the flaring was not in place," said Ian Buckle, deputy director of the National Center for Earthquake Engineering Research in New York.

The flares, which form a Y at the top of the column, are usually added for aesthetic purposes and are not intended to add strength.

As for the rupture on older freeways, engineers for the state of California believe the reason is simple. The bridges and overpasses that toppled had not yet been "retrofitted" to comply with tougher standards for bracing the concrete columns.

The two sections of the 30-year-old Santa Monica Freeway that fell were scheduled to be retrofitted next month. Stretches that had already had their supporting columns wrapped in steel to reduce sway were not damaged.

Newer highways that collapsed, like the Simi Valley Freeway, which had modern steel reinforcement, were outfitted with the latest "earthquake-proofing" technology, were unknowingly built on the previously undiscovered fault that caused the quake. Because engineers did not know of the fault's existence, they did not design the highway with the proper amount of steel and concrete for it to survive.

Teams of engineers and researchers from the National Institute of Standards and Technology in Washington and the National Center for Earthquake Engineering and Research in Buffalo arrived in Los Angeles last week to begin investigating the collapses.

Richard Wright, director of the institutes' earthquake research group, said that while it was too early to draw any conclusion, the state's explanation of why some portions of highways toppled was consistent with what the U.S. government has seen in other quakes.

Asked if it was possible to design overpasses that could withstand the force of major quakes, Mr. Wright said, "I am quite confident that we know enough about the behavior of structures in earthquakes that we can design them so that they survive intact."

A report by investigators from the center for earthquake engineering, found that fewer than 10 of the 2,000 bridges in the region surrounding the epicenter had collapsed. The report, which was released by state transportation officials, attributed the low failure rate to "the impact of rigorous codes, an aggressive retrofit program and good design and construction practices."

Still, the report attributed delays in completing the work on strengthening the columns and the awarding of contracts to a long-standing lawsuit brought by a union, the California Public Service Employees' Association, that sought to prevent the state's transportation department from using outside consultants to complete the retrofit.

Officials said they expect removal of the highway debris will be completed within two weeks.

At the same time, state engineers are redesigning the damaged portions of the highways. The designs will include steel rings inside the support columns for better bracing, larger foundations and additional vertical piles for greater strength, and expansion joints tied to hinges to prevent the roadways from bouncing off the columns in a quake. In addition, the engineers will use seismic reports from the quake to determine how strong the bridges and overpasses need to be.

In their report, the independent engineers from the earthquake center in Buffalo said the Y columns that collapsed had broken off directly below the flare, "indicating significant but unintended structural interaction between the column and the flare."

This led to higher shear forces in the column than expected in design and to their subsequent failure," the report said.

The report said that the use of flares was questioned in the past, but that their behavior in the quake was the first evidence of "a problem with this detail."

James E. Roberts of the state transportation department, said that the flaring, which is found in about half of California's freeways, contributed little if anything to the collapses of the Simi Valley Freeway, which he said was located directly above the fault. He said the flaring served only to stiffen the column, which would have sheared with or without the design element.

James Drago, a spokesman for the state transportation department, defended the state's retrofit program, saying that it was on schedule and that there had been no delays due to budget cuts.

Nigel Priestly of the University of California in San Diego, who specializes in seismic response of structures, said, "It is my opinion that the columns would have survived on these collapsed overpasses if they would have been retrofitted."

## Quake-Proof Bridges? Tokyo Calls It Luck

By Andrew Pollack

New York Times Service

TOKYO — When asked why highways and bridges in this earthquake-prone city had not collapsed in recent earthquakes as they had in Los Angeles last week and San Francisco in 1989, experts cited superior design or construction but mainly good luck.

There have been many earthquakes here that registered a magnitude of 6 or more on the Richter scale since most of Tokyo's major highways were built. But the epicenter has always been fairly far from the city or deep underground, which lessens their impact.

"The present standards of California and Japan are almost the same," said Hisanobu Ichimasa, director of design and research at the Metropolitan Expressway Public Corp., which builds the highways in Tokyo.

But many Japanese assert that the quality of their construction is superior, and Mr. Ichimasa pointed out that California still had many older highways, built before the 1971 San Fernando Valley earthquake prompted the state to strengthen its standards.

Construction of the freeway system here did not start until the early 1960s, in preparation for the Tokyo Olympics in 1964.

That same year, a bridge collapsed into a river during a Nigata earthquake that measured 7.5 on the Richter scale, prompting Japan to strengthen construction standards.

Mr. Ichimasa said he could not recall a bridge or elevated roadway that had collapsed since then.

In Japan, he said, "how to resist earthquakes is the first priority for any design."

Elevated roads here are designed to withstand five times more vertical movement than early California roadways, like the 1950s vintage double-decker freeway that collapsed in the 1989 San Francisco quake. Current California standards, however, require that highways be able to withstand only 3.3 times more vertical motion than the 1950s roads.

## Q & A: Congress Is Key to a Make-or-Break Year

Stephen Hess, a senior fellow at the Brookings Institution, is one of Washington's leading experts on domestic politics and Congress. In the run-up to President Bill Clinton's State of the Union address on Tuesday, Mr. Hess spoke to Paul F. Horvitz of the International Herald Tribune.

Q. What do you think the Clinton administration will attempt to accomplish in 1994 in the domestic area?

A. It seems that the president has put all his eggs in one basket, and that is health care. This is a high-risk proposition. It is so complex, and his proposal is so complex, and there are so many interests involved and it affects every American. Whatever comes out is not likely to be much like what goes in. Nevertheless, he and the Democratic Congress have to be able to claim a victory by the fall elections.

The whole point of the 1992 campaign was to end gridlock, to have a unified government. That has happened. In some ways, 1993 was the year of the Clinton administration.

Q. There is a view that Mr. Clinton has to provide something for the liberal wing of his party, the Democrats, to take to the electorate in the fall. What will that be?

A. If the economy is going well, an awful lot of the crankiness and irritation will go out of the public dialogue. And I think the totality of legislation passed will be quite considerable.

Q. Is the budget deficit political, still alive as an issue in the country? How will the president pay for some of the things he wants to do and maintain his position as a budget-cutter?

A. We're going to have to see in part what it squeezed out of the defense establishment. That's a big question mark.

Also, I should say that there's a

fair chance that 1994 will have a much more balanced administration in terms of domestic and international attention. Certainly Bill Clinton came into office trying to keep international relations on the back burner.

In part, he was unable to do that, because the world is a dangerous place. The importance of his recent trip to Europe is not in the European exposure to Bill Clinton, but Bill Clinton's first sustained overseas exposure to the rest of the world.

And if he's like past presidents, it should start to intrigue him. It's intellectually challenging. Especially if he gets more and more tied up with what used to be called the nattering nabobs in Congress, the fewer he is given in international affairs start to look very attractive.

I'm hoping that one of the lessons for Bill Clinton of 1993 was to have a more balanced administration. It was very importantly a learning year — on the job training — for Bill Clinton.

Q. One of the views that has emerged as the year-end reviews come in on the president is that he, in a sense, became a tool of certain power brokers in Congress who wanted to advance their agendas and who affected the direction of policy quite seriously. Will that continue?

A. Certainly one of the lessons of 1993 for Bill Clinton was that we have co-equal branches of government, that the U.S. Congress is not the Arkansas legislature writ large. Having a party majority is not enough.

In our system of government, where you can be elected virtually on your own, without important constituencies, as he was, then you have to build a constituency, indeed a coalition, for every major piece of legislation. He started to learn that. He learned it with the North American Free Trade Agreement, where his coalition was large-

ly made up of Republicans. So, that's going to happen again and again.

Q. On health care, we are likely to see a very strong public relations campaign by the White House this year?

A. No question about it. It seems to be a habit of this White House to suddenly be aware of a very important issue staring them in the face. NAFTA would be the perfect example. They drop everything else on the agenda.

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## Away From Politics

One of Martin Luther King Jr.'s daughters told a Baptist church audience in Portsmouth that New Hampshire's refusal to formally name a holiday after her late father was "racist and separatist." The holiday known elsewhere as King Day is legally Civil Rights Day in New Hampshire. "It is past time for New Hampshire to join the rest of America," Bernice King, 31, said.

An illegal racer lost control of his Camaro, killing an 8-year-old boy and injuring five other spectators, authorities said in Jacksonville, Florida. Brent Dean Hinchinson, 33, was racing against a Thunderbird on a makeshift track at an abandoned airport in front of about 200 spectators when he lost control, said police.

Teenagers fired into a crowded roller skating rink across from a police station in Boston, lightly wounding seven skaters as about 200 others scrambled for cover. The police arrested three youths and said the gunmen hit five boys and two girls, aged 12 to 17.

The father of a boy who said Michael Jackson sexually molested him has been cleared of accusations that he tried to extort money from the singer, prosecutors announced in Los Angeles on Monday. The investigation began after representatives of the pop music star charged that the father fabricated the sex allegations because Mr. Jackson rebuffed his demand for \$20 million to buy his silence. The boy is 14 years old. The prosecutors' office said in a statement that it had decided that no charges would be filed against the boy's father or his lawyer, who had also been accused of taking part in the alleged plot.

Telling police he attacked people because of their rudeness, a Brooklyn man confessed to stabbing a man who was walking with his wife and son in Manhattan. The suspect, Darryl Wright, 28, was caught because a cabdriver who witnessed the crime followed him through five blocks, driving in reverse on a one-way street through midday traffic. The police quoted Mr. Wright as saying "something to the effect of, people bump into him and don't say, 'Excuse me,' so he stabs them."

(AP, NYT, Reuters)

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## Hosokawa Weighs New Reform Vote

### Lower House Could Override The Opposition's Roadblock

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Morihiro Hosokawa and his governing coalition, struggling to salvage their political reform bills, threatened Monday to call a new vote in Japan's parliament if the opposition balked at compromise.

Mr. Hosokawa, whose promises to clean up corrupt politics swept him to power last summer, suffered a humiliating defeat Friday when lawmakers from the Social Democratic Party — the biggest but most unstable member of the coalition — voted against the bill at the final parliamentary stage.

The crisis, if not resolved, could force Mr. Hosokawa to resign or call elections to win a new mandate.

Coalition leaders and their counterparts in the Liberal Democratic Party looked likely to agree on Tuesday to form a joint upper House of Councillors committee that could break the parliamentary deadlock and save a reform process five years in the making.

"It looks like we may agree to set up the joint panel but there's no guarantee we'll be able to reach a compromise pact with the LDP," a coalition legislator said.

If that option fails, Mr. Hosokawa's team was planning to gamble on a fresh vote in the lower House of Representatives, lawmakers said. The lower House passed the reform package Nov. 18 and if it passes the package again with a two-thirds majority, it would become law.

Mr. Hosokawa told a meeting of coalition leaders Monday that he wanted to try the override vote if a compromise could not be reached, said a top coalition strategist, Ichiro Ozawa.

The coalition, which has 259 seats in the 511-seat lower house, would need the support of about 70 reform-minded Liberal Democrats to win such a vote — something Japanese analysts said they believed was next to impossible.

But Foreign Minister Tsutomu Hata, leader of an influential coalition party, said he believed the government's bills had a good chance of winning the necessary two-thirds approval of the lower House if Liberal Democratic pro-reformers threw in their support.

"We have no doubt that the bills would be approved by the lower House if there's cross-voting," he said at a symposium.

Although no public opinion polls have been published, media interviews with voters showed many were disgusted with both the Liberal Democrats and the Socialist anti-reformers.

"The Socialists should be expelled from the coalition," a company employee said in a television interview.

"I can't believe that political reform has been held up after all the corruption scandals," a housewife said. "The LDP should be ashamed of itself."

Political analysts predicted difficult times ahead for Mr. Hosokawa and his team of conservatives, centrists and the hard-line Socialists, who have stirred up trouble on a number of issues since the government took office in August.

The Liberal Democratic Party hardly seems likely to agree to even a compromise political reform pact. It was the conservative party that, during its 1953-93 monopoly on power, perfected the system of money politics that spawned all the recent scandals. (Reuters, AP)



SEOUL FINANCIAL SCANDAL — Chang Yong Ja, a relative by marriage of former President Chun Doo Hwan of South Korea, being arrested in Seoul on Monday on charges of fraud and defrauding on checks worth \$14 million. She had been released on parole in 1992 while serving a 15-year sentence on a 1982 conviction for a loan scandal involving about \$740 million.

## Mystery Snooze: Big Ben Quiet for 3 Hours

LONDON — Big Ben, Britain's most famous clock by which much of the nation keeps time, mysteriously stopped for three hours, officials said.

The clockmakers Thwaites & Reed got the clock going again at 9:30 P.M. Sunday, three hours and 10 minutes after it stopped.

Big Ben's chiming are regularly heard around the world by listeners to BBC radio.

## Foreign Reporters Snub China

### Mao Film Screened at Hong Kong Press Club

By Kevin Murphy

HONG KONG — At a time of growing concern about media self-censorship in Hong Kong, the local Foreign Correspondents' Club screened a film about Mao's life on Monday, resisting what member journalists described as China's first attempt to censor club activities.

The BBC documentary, "Chairman Mao: The Last Emperor," featuring a critical assessment of the leader's rule and which briefly touches on his sexual appetite for young girls, has drawn strong diplomatic protests from Beijing in recent weeks.

The film was first aired in Britain in December, coinciding with the 100th anniversary of the Communist leader's birth.

London has largely ignored Chinese displeasure with the production. But in Hong Kong, which reverts to Chinese sovereignty in 1997, the film's reception has served to heighten fears about Beijing's future tolerance for criticism and free speech.

A local television company, Television Broadcasts Ltd., has purchased rights to air the documentary on its English and Chinese language channels.

But the company, which hopes to expand its commercial activities across the border into Chinese markets, has yet to announce any plans to do so. This spurred the correspondents club to arrange a private screening for its members.

That decision attracted first-time visits from two officials from the Xinhua press agency, Beijing's de facto embassy in the colony, and inspectors from the Hong Kong government's Television and Entertainment Licensing Authority, which can censor films it judges offensive to neighboring countries.

A Xinhua representative said the documentary "hurt the feelings of the Chinese people" and asked the club not to show it.

Hong Kong government officials told the club's board that it should apply for permission, the first time in its long history that the club has been requested to do so.

The club ignored both overtures, but the specter of Xinhua interference revived worries, especially among Hong Kong Chinese journalists, that the rarely invoked colonial laws pertaining to search and seizure, emergency powers, immigration, treason, sedition and subversion could someday be used to stifle the city's thriving press.

## Patten Calls On China To Break the Deadlock

Reuters

LONDON — The Hong Kong governor, Chris Patten, urged China on Monday to resume deadlocked talks on the colony's handover to Beijing in 1997 and said it was time for the Chinese to make the next move.

"I think the first thing to do is to start talking again," he said after briefing Prime Minister John Major on the 17 rounds of talks that ended in stalemate.

Mr. Patten, whose proposals for democratic reform in the period before the handover have provoked strong opposition from Beijing, said: "We have already made significant moves, and I think it would be for the Chinese side to make some moves as well."

He added: "We would very much like to see a resumption of talks. We are still prepared to negotiate and we very much hope the Chinese are as well."

Mr. Patten infuriated China in October 1992 by proposing changes that would let Hong Kong people elect, directly or indirectly, the majority of the territory's legislators before the 1997 takeover. Negotiations broke down in November, with China vowing to scrap any electoral changes in 1997.

A first bill dealing with some of the less contentious changes is being considered by Hong Kong's Legislative Council. Mr. Patten has vowed to push on with the proposals if Beijing refuses to talk.

## Dutch to Sue Japanese Over War Brothels

Reuters

THE HAGUE — The Netherlands on Monday said it had evidence that 200 to 300 Dutch or Dutch-Indonesian women were coerced into prostitution as "comfort women" for Japanese forces in Indonesia in World War II.

An official investigation of government war archives found proof that in about 65 cases, the Japanese military had physically forced the women into working in brothels, the Dutch Foreign Affairs Ministry said in a statement.

## Mexico Crackdown Rings With Torture

By Tod Robberson

Washington Post Service

MORELIA, Mexico — Mariano Santiz Gómez has a deep brown scar over his left eye from the morning of Jan. 7, when Mexican Army troops arrived in this Mayan Indian mountain village to interrogate townspeople about links they may have had with Indian rebel activity in the area.

Mr. Santiz said he, like several hundred other men rounded up in Morelia's village square, was on his knees with his hands tied behind his back when a soldier asked him, "How many of your comrades did you have to kill to get those boots you're wearing?"

Mr. Santiz said he responded: "None. I bought them with my own hard-earned money."

The next thing he recalls was an army boot kicking him squarely in the face.

Stories of beatings, torture and incommunicado detention by Mexican Army troops are emerging throughout the southern state of Chiapas in the wake of a Jan. 1 uprising by hundreds of Indian peasant rebels calling themselves the Zapatista National Liberation Army.

The army has rejected requests for interviews on human rights or other issues related to the uprising. Military authorities reportedly have swept through Indian towns and villages like Morelia to round up men suspected of participating in the uprising. Morelia is 25 kilometers (15 miles) west of Altamirano, a town occupied by Zapatistas for at least four days and the longest-held of four large urban centers they seized on New Year's Day.

Investigators with the human rights group Amnesty International said they were preparing a report that would be highly critical of the Mexican government's response to the uprising. It will say that gross human rights violations were perpetrated against this state's Mayan Indian population.

"We know there have been atrocities committed here by the military," a diplomat visiting Chiapas said earlier this month.

In Washington, Representative Robert C. Torricelli, a Democrat of New Jersey, is scheduled to convene a hearing Feb. 2 on suspected human rights abuses by the Mexican Army. White House and State Department officials have warned that Mexico, as Washington's newest trading partner under the North American Free Trade Agreement, is expected to meet higher human rights standards than it has in the past.

Foreign military analysts said that the uprising appeared to have caught the Mexican Army off guard, and that widespread reports of human rights abuses were one of the symptoms of a military hurriedly trying to repair a damaged reputation and restore lost authority.

But in Morelia, as well as other villages where troops reportedly ransacked houses and clinics, occupied churches and beat civilian men, villagers refer to the army in much the same terms that the government has used to describe the Zapatistas: lawless gunmen led by "professionals of violence."

"They're afraid from one minute to the next that the army might come to beat them again," said the Reverend Jorge Rafael Díaz, a Roman Catholic priest.

He said some men had been taken with their wrists bound into his

church, where they were interrogated while kneeling before a tub of water. If they gave no forthcoming or gave what soldiers deemed an incorrect answer, their heads were shoved into the tub and held under water. Others had carbonated water forced up their noses.

Villagers said they heard at least three men being beaten in the church and that one had emerged covered in blood.

Mr. Santiz, a Tzeltal Indian, describes himself as one of the lucky ones among the men rounded up in the village square at sunrise Jan. 7. According to villagers and human rights investigators, 39 other men were taken away by troops that day after being forced to kneel on concrete for nearly five hours with their hands tied behind their backs.

Ten of them were released in the next two weeks. They returned here with tales of starvation, torture and incommunicado detention by the army. Twenty-six men from Morelia were being detained, without having been formally charged with a crime, at the Cerro Huaco prison near Tuxtla Gutierrez, the state capital. Foreign human rights investigators said at least 70 Indians were being held there.

An Amnesty International investigator, Carlos Salinas, said that for nearly a week his group sought access to the detainees but was blocked from entering the prison by the government's National Commission on Human Rights. They were finally given access Friday after Mr. Torricelli complained directly to President Carlos Salinas de Gortari.

Testimony gathered by Amnesty investigators was consistent with independent accounts gathered by U.S. journalists who visited Morelia on Friday.

Evidence of other army abuses has surfaced throughout the zone of conflict in southeastern Chiapas. Scores of summary arrests and beatings have been reported in the towns of Ocosingo, Altamirano, Ocuiltepec and Rancho Nuevo.

On Jan. 4, a day after army troops stormed Ocosingo and engaged in heavy street battles with Zapatista guerrillas, journalists found the bodies of nine men — some dressed in clothing similar to the uniforms worn by Zapatista rebels — lined up inside the town's produce market, most with bullet wounds in their heads. Yellow twine, apparently used to bind their wrists, lay on the ground beside them. At least one still had twine attached to his right wrist. Several were bleeding from cuts on their wrists apparently made by the twine.

Almost all appeared to have been shot point-blank in the head, according to a U.S. forensic anthropologist, Clyde Snow, who saw close-up photographs of the bodies taken by journalists.

A government source said investigations of rights abuses, including the Ocosingo deaths, were under way. But he would not elaborate.

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Handwritten signature or mark at the bottom of the page.



## Death Squads Haunt Algeria

### Dozens of Killings Laid to Pro-Regime Forces

**ALGIERS** — Pro-government paramilitary death squads have killed dozens of suspected Muslim militants in Algeria in the last four months, according to Western diplomats, human rights officials and witnesses.

The death squads have emerged in response to violence by the militants, who have killed officials, intellectuals, and members of the security forces as part of a campaign to topple the government, the officials said.

"The violence in Algeria is being carried out by both sides," said a human rights attorney whose life has been threatened by the death squads. "Those in power and those trying to take power. There are frequent summary executions by those believed to be from the government, or allied with the government."

The diplomats and human rights officials said the death squads were linked to or directed by elements of the army and security forces.

Government officials say they do not know who is behind the death squads and deny systematic abuses by the military and police.

The violence in Algeria has claimed some 2,000 lives since it began in January 1992. The two main Islamic groups — the Islamic Armed Movement and the Armed Islamic Group — now control many rural areas and, after nightfall, some poor districts.

Police officers are frequent targets of the Islamic militants, and the death squads often strike in areas where police officers have been killed.

Such killings have recently taken place in the slum area of Kouba as well as the villages of Ain-Taya, 20

miles east of Algiers, and Saoula, 10 miles west of Algiers. On Nov. 17, a death squad left 10 bodies on the street in the coastal town of Bouj el Kifan, 10 miles east of Algiers, after several policemen had been killed there.

Reprisal killings have become so commonplace that neighborhoods where police or security officials are killed now brace themselves for attacks by the paramilitary forces.

The pro-government death squads include the Organization of Free Young Algerians and the Secret Organization to Safeguard the Algerian Republic. Western diplomats say they believe these groups may, in fact, stem from the same organization, and they note that the wording of their communiqués is often identical.

"It is difficult to know how many people the death squads have killed," a European diplomat said, "but we believe there have been dozens of assassinations since November."

Those who have witnessed abductions by the death squads live in fear, and many have been warned to keep silent. But a few Algerians told similar stories of kidnappings and murder on the condition they not be identified. In each case, these witnesses said, men in green military fatigues and ski hoodies appeared well after the 11:30 P.M. curfew and took people from their homes. The bodies of those who had been abducted were found shot to death on a nearby street the next morning. Notes had been left on several of the corpses.

Many of the latest victims appear to be those with relatives in the Islamic movement rather than actual combatants or supporters.

— CHRIS HEDGES

## ALGERIA: Authority Crumbles as Radicals Advance

Continued from Page 1

two sides appear locked in a deadly contest that is plunging the country into anarchy.

Islamic militants have already carved out small enclaves. In the militant stronghold of Bida, 50 kilometers (30 miles) south of Algiers, the militants run whole neighborhoods and frequently battle the police.

After burning down establishments that sell alcohol and assassinating at least one bar owner, militants have dried up Bida, a city of 400,000. Beauty parlors have been ransacked, and most of the women on the streets are veiled.

Stores that sell music cassettes no longer carry recordings by Western groups or female singers. Satellite dishes, which bring in foreign broadcasts, have been dismantled. Kiosks and shops stopped selling newspapers a week ago after an order from the militants.

Fear drives most Algerians home before dark, where they sit in tiny, overcrowded apartments watching the heavily censored government-run television network or French channels that seem to flaunt the freedom and wealth of Europe.

Militants, who send warnings by fax or messenger, also have demanded that the butchers lower the price of meat or sell only chicken,

which is less expensive. The move, especially with growing food shortages, has proved popular.

In the muddy streets of Algiers' Kouba slum, where the police and Islamic militants open fire on one another almost daily, the reach of the militant movement is widening. A dozen police officers, armed with automatic weapons and wearing bulletproof vests, nervously man a roadblock on the outskirts of Kouba. But by nightfall this roadblock and another down the street are abandoned.

A few blocks away, in a small house, a senior leader of the Islamic Salvation Front and several lieutenants sat over cups of tea and a plate of chocolate cookies.

"Our first requirement is that those who rule the country get out of power," the senior leader said, "and if they do not want to get out of power, they will be forced out of power. If this demand is not met, there is no reason for us to talk to the generals."

"We are not against the army, or even the police, as institutions," he said. "We have many supporters in the lower ranks of both the army and the police, but the chiefs, the ones who govern, must go."

The violence has further fueled economic decline. Foreign invest-

mentors, with the exception of a few oil companies, are pulling out despite substantial losses, while others have been scared away.

"If the food shortages and bread lines continue to grow, people will take to the streets," said Ali Rachidi, director of the newspaper El Haq. "If that happens there will be chaos. The biggest danger now is not just worsening of the armed struggle, but a popular revolt."

There are signs that violence is spinning out of control. The daily death toll includes about a dozen members of the police and security forces and at least as many civilians, Western diplomats say.

**60 Fundamentalists Freed**

The Algerian press agency APS said the government released 60 Muslim fundamentalists Monday from a desert prison camp. Reuters reported from Algiers.

Last week, the Interior Ministry said it had ordered the release of an unspecified number of prisoners from two desert camps. It also said that it was freeing all people who had been under house arrest.

The ministry said the moves were intended as conciliatory gestures ahead of the national conference on Algeria's political future. The main political parties have said they would boycott the conference.



The father and brother of a Sarajevo boy wounded in shelling crying as he is evacuated to Italy on Monday in the hopes that doctors there can save his legs. Another boy wounded in the mortar attack Saturday also was airlifted out of the war-torn region. The attack killed six of the boys' playmates.

## UN Commander Renews Bosnia Call

By John Pomfret  
Washington Post Staff Writer

**SARAJEVO**, Bosnia-Herzegovina — The outgoing commander of the United Nations forces in the former Yugoslavia renewed his call Monday for authority to order NATO warplanes to back up his troops in case of an attack on UN forces in Bosnia, despite a decision by the UN secretary-general, Boutros Boutros Ghali, to keep that power for himself.

General Jean Cot of the French Army said the idea of waiting "three hours" for political authorities at the UN's headquarters in New York to ask NATO to protect his men was unacceptable.

General Cot spoke at a ceremony to mark a handover of the UN military command in Bosnia from another departing officer, Lieutenant General Francis Briquemont of Belgium, to a British officer, General Sir Michael Rose, who once commanded the Special Air Service, the special forces branch of the British Army.

General Cot, who will leave his command before March 31, and General Briquemont are casualties of what appears to be a widening gap between the UN's political authorities in New York and the military men in Bosnia. In a recent meeting with President François Mitterrand, Mr. Boutros Ghali is reported to have demanded General Cot's removal from the post he took up in July.

General Briquemont recently announced he was quitting his post several months early because of frustration with the UN operation here.

Both men have clashed on numerous occasions with Mr. Boutros Ghali, a fact alluded to by the French general Monday when he said that the controversy concerning NATO close-air support was "just the tip of the iceberg."

The key reason, according to General Cot and General Briquemont, is that the UN general secretary and the UN Security Council have given the generals a huge task to accomplish — delivering humanitarian aid in the middle of the Bosnian war zone and protecting five UN "safe areas" in Bosnia — without giving them enough troops and a sufficiently elastic mandate.

Both generals have said that they need 9,000 to 10,000 more troops.

The controversy between the military officers and UN political side appears to be a symptom of a wider problem involving the political will of the international community to act forcefully in Bosnia.

Several countries with troops in Bosnia — Britain, Canada and France — have said they are considering withdrawing their forces.

When asked, General Rose said he had not been sent to oversee the departure of the United Nations from Bosnia.

"That is not part of our intention at the moment," he said.

General Cot appears to have been angered about the tendency of UN political authorities to meddle in what the general has said is his most important duty: protecting the lives of the UN soldiers.

"The problem is very simple," General Cot said. "In case of a massive attack against a safe area or anywhere, the only means we have of reacting against this immediately is close-air support."

He added: "Immediately means three minutes."

"That would be perfect," he said. "Half an hour, that would be nice. But it's certainly not three hours."

UN sources said that during several practice exercises, the secretary-general's office took five hours to respond to a request from General Cot for immediate authorization to order NATO close-air support.

## CHAOS: Starving Siberians Are Getting That Old Apparatchik Runaround From Moscow

Continued from Page 1

bles of what had once been a challenging but secure life in Siberia, it is the reformers she holds responsible.

"I can assure you that everywhere, especially in all these places that are isolated and divorced from the mainland, people are living in unholy conditions," he said.

Mrs. Kuzmina's story illustrates why many Russians decided "radical reform" was not for them. In Moscow, while Baykit was waiting for his money, Mr. Fyodorov was desperately trying to cut back on payments to money-losing enterprises across Russia in order to

slow inflation. But there are millions of Russians like Mrs. Kuzmina, trapped in one-company towns with nowhere to go and no way to live without the state.

Finally, what Mrs. Kuzmina hopped into was an all-powerful bureaucracy that has changed little from czarist or Communist times. Payments and credits are not awarded on the basis of laws or contracts, but according to personal whims and connections.

And when Deputy Prime Minister Yegor T. Gaidar, the architect of Russia's free-market reforms, resigned last week, it was as much out

of frustration at the reformers' inability to change the ethos of government as over any specific policy.

"Our state in its present form cannot be regarded as democratic," Mr. Gaidar said in the newspaper Izvestia. "The gap between the state and its bureaucracy, on the one hand, and the people, on the other, is again widening."

The pampered and corrupt bureaucracy "devoured the best" democrats, Mr. Gaidar added. "After it digested them, it returned to its old habits."

As Mrs. Kuzmina recounts her experiences, it is easy to under-

stand the nostalgia and fear that propelled the ultranationalists' success. Thin and energetic, Mr. Kuzmina graduated from college in Krasnoyarsk, in the heart of Siberia, and, unlike most of her urban classmates, chose a life in the pioneer settlement of Baykit.

"The place itself is beautiful," she said. "There's fresh air, crystal rivers, plenty of berries."

There were vacations every summer — to the Black Sea, to the Baltics, even one year to Yugoslavia. For Mrs. Kuzmina and her husband, a geologist, the oil fields seemed to promise a secure future.

## JAPAN: Parliament Defeat Confirmed That Agenda Was Too Ambitious

Continued from Page 1

The punishing reversal in parliament last week was merely the latest sign that this agenda had grown too ambitious.

Mr. Hosokawa vowed to put a younger generation in power, to rein in government bureaucrats and have elected officials set policy, to shift the balance of power in parliament to urban districts from the rural constituencies, to rescue the economy from a deep recession, to lower the astronomical prices consumers here must pay, to realign the political parties toward the center, to open the economy, and to make ideas rather than cash the currency of political debate.

Any one of these would have represented a sea change for this conservative nation, but a popular notion spread that the transformation was inevitable because of the end of the Cold War and the growing realization that the workers who were responsible for creating Japan's wealth were enjoying precious little of it.

Mr. Hosokawa only complicated his task when he determined that the electoral and campaign finance laws had to be overhauled before

he reached for his other goals. The vote on Friday thus underscored the fact that, so far at least, the high hopes for fundamental change were a product of oratory rather than action.

"In a sense, the popularity of the coalition when it was formed was too high," said Kazuo Aichi, the head of the Defense Agency and a senior figure in the Hosokawa government. "It just created problems by encouraging the prime minister to address too many things."

He added: "This cabinet was formed to pass political reform. That was its mandate. I feel very strongly about this. The cabinet tried to address everything and then kind of dilly-dallied and accomplished nothing."

In fact, Mr. Hosokawa had already faced serious setbacks on several of these fronts before the vote in parliament on his reform package.

The most telling losses have come in his unsuccessful bid to seize control of the ministries from the bureaucrats who run them.

But, as Haruo Shimada, a Keio University professor and adviser to the prime minister, pointed out, some changes appeared to be taking place despite Mr. Hosokawa's misadventures.

because of the powerful undercurrents at work here. With or without Mr. Hosokawa, something seems to be happening in Japan, even if it is not certain what.

The Socialist Party, which attempted to shift its weight toward the political center by joining Mr. Hosokawa's coalition, was torn in two by Friday's vote and appears headed for a decisive split now.

There also appears to be a growing prospect for more centrist members of the Liberal Democratic Party to defect and join the new parties at the heart of the governing coalition.

A growing consumer consciousness has fueled the growth of a new kind of store here, discounters. The popularity of cut-rate stores has helped spread the word that prices can, and maybe even should, come down.

And now, with the prospect growing that Mr. Hosokawa's government will fall and new elections will be held soon, the voters may get a chance to decide whether they are willing to risk the biggest revolution of all — holding their elected leaders accountable for pushing through the changes they say Japan must endure.

## British Sex Survey Turns Up Some Traditional Surprises

New York Times Staff Writer

**LONDON** — A survey of sexual attitudes and behavior among the British has turned up results that have surprised some sociologists and pundits: The vast majority of people practice monogamy, and only a small number admit to engaging in homosexual sex.

The National Survey of Sexual Attitudes and Life-Styles found that fewer than one in 20 married men and fewer than one in 50 married women reported having more than one sexual partner over the past year. Even fewer — roughly one in 100 married men and one in 500 married women — reported more than two partners.

For single people the figures shifted, so that more than one in four men and more than one in six women had multiple partners over the previous year. The results for people who lived together but were not married were in between but closer to those who are single.

The findings on homosexuality were controversial and, having appeared in excerpts in the press over the past two weeks, were immediately assailed by gay rights groups at a time when the House of Commons is considering a bill that would lower the age of consent from 21 to either 18 or 16.

The groups often cite earlier studies that one out of 10 men are homosexual. By contrast, the current survey indicated that only 3.5 percent of men had had a male partner at some stage in their lives. Among them, only 1.4 percent had had one in the previous five years and only 1.1 percent in the previous year. The picture was roughly comparable for women, according to the investigators.

## And in Austria, President Insists: 'I Will Survive This'

Reuters

**VIENNA** — President Thomas Klestil, under fire over a love affair with an aide, denied on Monday that he was considering resignation.

"I will survive this," Austrian state television quoted Mr. Klestil as saying in a newspaper interview to be published Tuesday, breaking his 48-hour silence on the scandal.

In its main news bulletin, the report said Mr. Klestil's office had confirmed the text of the interview, in which the president declared himself "optimistic" and ruled out any thought of quitting.

Mr. Klestil's wife of 37 years, Edith, left him earlier this month, saying she could no longer bear his close relationship with an aide, Margot Linfer, 39, like Mr. Klestil a career diplomat.

Conservatives closed ranks around Mr. Klestil, 61, insisting there was no need for him to quit over revelations of a love affair that has broken up his marriage.

As Mr. Klestil talked with aides in the Hofburg on whether to leave his mistress or resign, the leader of the conservative Austrian People's Party, Erhard Busch, said he believed the affair was a "private matter."

He said at a news conference that "discussion in public is not the way to restore a marriage" and dismissed as "total nonsense" suggestions that the disclosure damaged Mr. Klestil's role as head of state, which is largely ceremonial.

## MARKET: Tokyo's Falling Stocks Seem Not to Scare Foreign Investors

Continued from Page 1

package of political reform bills in the upper house of the Nikkei 225-share index plunged 954.19 points to 18,333.24 on Monday, erasing nearly half of the gains made over the previous month.

Prices dropped from the outset as individual and institutional investors took profits. The index had gained nearly 11 percent since the start of the year.

Time is running out for Mr. Hosokawa to pass a reform bill before the legislative session ends on Saturday. Failure to do so could force the prime minister to step down or call snap elections.

"Immediate dissolution of the Diet is unlikely," Solomon Brothers said in a note to investors Monday. "Virtually all politicians agree that adopting fiscal support measures is necessary immediately."

The chief cabinet secretary, Masayoshi Takemura, said Monday that the coalition, which had put economic policy on the back burner while it pursued political reform, would pursue both at once. Analysts said some sort of measures

were likely before Feb. 11, when Mr. Hosokawa is to meet President Bill Clinton to discuss the two nations' shaky trade relations.

But even though additional public works spending is likely to be approved, a reduction in income taxes, which foreign governments have long seen as the most effective way to prod the recession-plagued Japanese economy back to health, could be delayed until a new government is formed. That is because although there is consensus to cut income taxes, the Socialists in Mr. Hosokawa's coalition have opposed plans to pay for the measure with an eventual increase in consumption taxes.

"Bold new fiscal policies are likely to be possible only when the political situation is clarified, which is unlikely until after a new election," the Solomon note said.

"The stock market could languish for weeks or months, but the extent of any decline would be lessened if the Bank of Japan were cut interest rates sooner and more deeply than expected. The official discount rate, now at a record low 1.75 per-

cent, could be slashed to 1.0 percent.

Foreigners, who are estimated to have poured nearly 1 trillion yen (\$8.9 billion) into Japanese stocks since the start of this year, are also likely to provide support. Their buying accelerated this year as foreign fund managers, fearful that stock markets in Southeast Asia had peaked, shifted assets to Japan, whose market comprises between 80 percent and 85 percent of the region's equity capital. With the Nikkei index having lost more than half its value since December 1989, many hope the index will rise to 22,000 points by the end of 1994.

"A lot of the investments are asset-allocation driven," said Kathy Matsui, a strategist at Barclay's de Zeeuw Ltd. "That's why I don't think they're going to turn around and sell."

Brokers said foreign investors would continue to enter the market even as the index fell to 17,000, a key resistance level. But an erosion of prices below that threshold would threaten to undermine the health of the financial system.

That is because banks and companies rely on unrealized gains on their equity portfolios — a theoretical calculation of the capital gain they would pocket if they sold — to write off bad debt or take extraordinary expenses for restructuring.

If we have a market on March 31 that is below 18,591, the closing level one year earlier, then there's going to be negative ramifications for the financial system and the economy," said Betsy Daniel, a financial analyst at Morgan Stanley.

"Banks won't be insolvent, but their ability to write off bad loans would be significantly reduced."

The major test will come toward the end of March, when companies close their accounts for the financial year. Banks and companies have already begun selling stocks to lock in gains, with most of the shares being snapped up by foreigners.

"It's not a stable or healthy market when core investors are selling off their shares to foreigners," the foreign fund manager said. "There's something very odd about this type of movement. We're getting warning signals."

## Stasi Files Fail to Link Brandt's Colleague to a Plot

Reuters

**BERLIN** — More than 800 pages of former East German intelligence files released on Monday shed no light on allegations that prominent colleague of Willy Brandt had plotted to overthrow the former West German chancellor.

Material found in the archives of Stasi, the former East German security police, gives a detailed picture of East Berlin's plans to discredit Herbert Wehner, who was parliamentary leader for the Social Democrats when Mr. Brandt was in power.

But it gave no evidence of links between Mr. Wehner and East German leaders that Mr. Brandt's widow, Brigitte Seebacher-Brandt, cited last week as a sign that he had

worked with the Communist government to force her late husband to resign.

A controversy about the men, both now dead, has become an issue in this year's election campaign. Chancellor Helmut Kohl's Christian Democrats have seized on it to accuse the Social Democrats of being unreliable and unpatriotic.

Many of the 868 pages dealt with Mr. Wehner's prewar career as a Communist official and postwar East German plans to punish him for leaving the party in 1942.

Included were reports he wrote in exile in Moscow, which have led to charges that Mr. Wehner, long seen as the loyal workhorse who kept the Social Democratic faction going, was responsible for the

deaths of fellow Communists whom he denounced.

The files ended in 1966, the year Mr. Wehner became minister for all-German affairs in a coalition government, with a secret note suggesting that Stasi collect material on him for a trial to prove he was a traitor to communism.

According to Mr. Seebacher-Brandt, Mr. Wehner was in close touch with the East German leader, Erich Honecker, in May 1974 when Mr. Brandt's aide, Günter Guillaume, was unmasked as a Communist spy. Mr. Brandt resigned over the scandal.

**Link to Carlos Denied**

A former Stasi officer denied on Monday that he had supplied explosives to an associate of the international terrorist known as Carlos

## FAT: Obese Look to U.S. Courts for Relief From Burden of Discrimination

Continued from Page 1

"appearance" protections. While federal civil rights laws specifically bar discrimination based on race and sex, physical characteristics such as obesity, ugliness and shortness are not protected.

There are many negative stereotypes for the overweight. They are in poor physical shape, or unclear, or lazy. In the workplace the worst characteristics — when accurate — translate to a manager's largest headache: an unproductive employee.

"In the workplace, it's clear that fat people are usually not promoted and underemployed," said Laura Eljajek, head of the National Association to Advance Fat Acceptance.

Fighting back is the least of a fat person's worries in the workplace, according to recent studies for the association by Esther Rothblum, a

professor of psychology at the University of Vermont who surveyed the group's 4,000 members.

Miss Rothblum found that the more people weighed, the more they reported anecdotal instances of employment discrimination and of being the targets of jeering comments about weight.

Some courts have agreed that some jobs, such as emergency workers, may require that people not be too fat. But Miss Rothblum and other researchers said that 90 percent of work-related activities were not affected by weight.

Employers seem not to be moved by that fact. A study last fall by Harvard University's School of Public Health, published in the New England Journal of Medicine, firmly linked being fat with being economically disadvantaged. There are, it said, about 30 million fat Americans, 500,000 of them considered obese.

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# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Reform Slows Down

### Winter Fog in Moscow

Under its new government, Russia is setting off into the fog without a compass. Most of the political leaders strongly committed to economic reform have bailed out. The prime minister, Viktor Chernomyrdin, who is no friend of theirs, says that his program will now combine some Western ideas with greater regard for the special circumstances of the Russian situation. That sounds like an attempt to compromise between market principles and Communist practice. It won't work, and the effects will, unfortunately, be much harder on the Russian people than the original reforms would have been.

For President Bill Clinton this change of course in Moscow comes uncomfortably hard on the heels of his summit meeting there, less than a week earlier, with President Boris Yeltsin. It is a strong hint that Western influence on developments in Russia over the coming months will be slight. The Western democracies will need to keep their aid ready to support good decisions when Russia makes them. But if there ever existed a time when foreign aid could be used as a great lever to change minds in Russia, that time has now passed.

That is a setback for American foreign policy, and one that might usefully sharpen the discussion in Washington about aid and

about how much was actually delivered versus the promises. Quite a lot of aid has gone to Russia during the past two years, if you include the debt relief (postponement of debt payments and forgiveness of some of the loans) that makes up most of it. But other than debt relief, the amounts provided have been far less than the Russians were led to expect.

The world's response to Russia's distress has been similar to attempts to cope in the 1980s with the Latin debt crisis. Again the primary emphasis has been on preventing the debtors' financial default and isolation, a useful goal but particularly in the Russian case hardly sufficient. In both cases the rescue efforts have been slow and intermittent. In Latin America, after a dire drop initially in the standard of living, things are now turning out pretty well. It would be unwise to assume that events in Russia will necessarily work out equally cheerfully.

Russia is getting less Western help than it had anticipated, and the West is seeing less reform in Russia than it had hoped. Progress there is evidently going to be slower, and relations with the rest of the world scarier, than in the past two years. In a period in which Russia's sense of direction is likely to be highly erratic, it is important for the United States to be exactly the opposite — steady, clear and predictable in its intentions.

— THE WASHINGTON POST.

### The West Will Watch

Russian economic reform is barely breathing. President Boris Yeltsin last week named a cabinet stacked with officials who want to keep the economy firmly under government control. Gone is Yegor Gaidar, the primary architect of market reform; gone, for now, is Boris Yefimov, who, as finance minister, was the only Russian standing in the way of hyperinflation. Mr. Yeltsin appointed only one reformer, Anatoli Chubais, but he is rumored to want out in a few months after he completes his ambitious privatization program.

Running policy for Mr. Yeltsin will be Gorbachev-era apparatchiks like Prime Minister Viktor Chernomyrdin, who proclaims an end to "the period of market romanticism," and Viktor Gerashchenko, head of the central bank, who wants to pump trillions of excess rubles into an economy already running inflation rates above 20 percent a month. No wonder Mr. Chernomyrdin promises to control inflation by "monetaristic means."

Translation: government price controls. None of the new officials have voiced a coherent economic strategy; it is unlikely that any of them can. But what they are sure to do is funnel huge subsidies into steel mills, military factories and state-owned farms. That is great news for the politically wired managers who line their pockets with the subsidies, but it is a threatening economic prescription for nearly everyone else. What sense does it make to keep steel factories churning out molten

metal when Russia already produces almost twice as much steel as the United States for an economy only one-eighth as large? More steel will not feed the hungry or house the homeless. But if the Yeltsin government proceeds to pay subsidies with new rubles, it will drive inflation to astronomical levels, wrecking markets and punishing the poor and elderly who are forced to survive on the vanishing value of their fixed incomes.

Mr. Chernomyrdin wants the West to believe that he is serious about reform but will make it slow and gentle. But he doesn't give a clue to what serious, slow reform would mean. "Serious" means a reform that stabilizes prices; the way to do that is to stop printing rubles. "Slow" presumably means that the government will preserve existing factories with subsidies. The only feasible way for the government to pay subsidies without printing money is to boost taxes. The problem is that Russia has no administrative mechanism or political will to raise taxes by huge amounts; nor has Mr. Yeltsin told voters that this is what slow reform requires.

Mr. Yeltsin might want to run away from economic reality. The danger is that if he persists, the economy will implode and pave the way for right-wing fanatics like Vladimir Zhirinovskiy to take over and destroy democracy. The West can hope that Mr. Yeltsin comes quickly to his senses. It can prepare for the day when he does by being ready to jump in without delay to help.

— THE NEW YORK TIMES.

## Americans Need to Save

After long hesitation, the American economy has once again begun to grow strongly. Even the cautious Federal Reserve Board agrees that an expansion is at last under way. The country is getting richer. That raises a question: What should Americans do with their rising wealth?

The conventional answer begins by calling for more money for education and so forth. But let's not limit ourselves to the one-third of the economy that runs through public budgets. Let's talk about the whole thing. Most of the economy, after all, consists of spending on personal consumption by private individuals. Private decisions will do as much to shape the future economy as public policy can.

In the last cycle of sustained growth, the long boom of the 1980s, Americans sharply changed the general pattern of their spending. It is instructive to see what happened, since a lot of people apparently are not entirely pleased with the way things worked out.

By the end of the '80s, Americans were spending much less of each dollar on food than a decade earlier and much more on medical care. As a society gets richer, the share of its income devoted to food typically drops, and in the '80s that drop was probably accelerated by the fierce competition in the grocery industry. At the same time, over the decade, the proportion of personal spending that went into medi-

cal care, whether directly or, through insurance, indirectly, rose by half. That is an astounding increase in so short a time.

There were other changes as well, but much smaller. Spending on recreation rose a bit, and on lawyers. But the proportion of the average person's spending that went into the great American passion for cars and driving fell significantly. It appears that the rise in health spending was forcing people to hold down or even cut back other parts of their budgets.

By no means all of the rise in medical spending was financed by reducing other spending. Americans also saved much less. In the early '70s they saved nearly 10 percent of their after-tax income. By the end of the '80s it was down to 4 percent. That is dangerous because investment comes out of savings. Low investment sets limits on technology and the kind of jobs that pay rising wages.

Two of the great concerns about the economy — the enormously rapid rise in health costs and the drop in savings and investment — are related. Reforms to limit the continued increases in the first are necessary to remedy the other. Economic growth in the 1980s was substantial but lopsided, imposing great strains on the country. Now that the economy is growing again, its new wealth needs to be used to recover a better balance.

— THE WASHINGTON POST.

## Other Comment

### A Heavy U.S. Hand in Tokyo

The stern injunctions to Japan by the U.S. Treasury secretary, Lloyd Bentsen, may be part of a new tactical maneuver.

After meeting in Tokyo with Prime Minister Morihiro Hosokawa and his finance minister, Hirofumi Fujii, the Treasury secretary declared that things were not progressing between his country and Japan. Mr. Bentsen threatened that if satisfactory trade agreements are not reached before the Hosokawa-Clinton summit on Feb. 11 in Washington, the United States will review the fundamentals of the economic partnership defined last July to reduce the Japanese trade surplus.

Mr. Bentsen's comments come, perhaps not coincidentally, at a politically difficult moment for the Japanese prime minister, abandoned late last week by part of the Socialist group in the Senate, which refused to support his reform program. The American attitude might be explained by the welcome opportunity offered by a weakened and thus theoretically less resistant prime minister. Still, one has to wonder whether Mr. Bentsen's attitude was not dictated by other considerations. Is Mr. Hosokawa losing Mr. Clinton's confidence? In that case, isn't American diplomacy, in its obsession with economic issues, playing rough with an ally in trouble?

— Le Monde (Paris).

# Governing Isn't Impossible, Just Harder Than Before

By David S. Broder

WASHINGTON — When President Bill Clinton delivers his State of the Union address Tuesday night, he will face more than the daunting challenge of an election-year agenda crammed with tough topics. Governments in democratic societies around the world are notably weak these days.

More than a year ago, Bill Brock, the former Republican senator from Tennessee who under President Ronald Reagan was special representative and then secretary of labor, linked the phenomenon to the revolutionary economic changes sweeping the world.

The virtual erasure of national boundaries to the flow of capital and location of manufacturing and service facilities lessens the ability of governments to control their national economies. Left of center or right of center, governments find it nearly impossible to enact and carry through policies that will cushion the shock waves of this economic transformation.

Even if the policies are correct, another election is upon them before leaders can demonstrate that they are on the right path.

Mr. Brock's analysis also applies to the United States, where George Bush struggled and failed and now Bill Clinton is being buffeted by forces he finds hard to tame. But beyond those elemental forces, there are additional factors in America that have made the task of governing far more difficult than it used to be.

The weakened condition of three principal governing institutions — parties, Congress and the presidency — has damaged the capacity of the system to develop and sustain coherent policy. And their weakness has fed the growth in power of two other sets of institutions, interest groups and the press, which, whatever their utility in other respects, are ill-equipped to develop national consensus.

The decline of political parties, which have supplied the necessary connective tissue between executive and legislative authority since the first decades of the republic, is a familiar tale. It reflects the suburbanization of America and the emergence of television as a principal means of communication among other forces.

The opposition to NAFTA was led by the Democratic majority leader, and the minority whip of the House. Two of the top three Democrats in the Senate also opposed the president. He put forward a high-priority health care plan, only to find it sandwiched between competing plans advanced by other groups of Democrats. The reality is that we do not have two parties in Washington. We have 536. The president, the 100 senators and the 435 representatives are each a political party of one. Every one of them picked out the particular office he or she wanted, raised the campaign funds, hired the pollster, the media adviser, the consultants, recruited the volunteers, chose the issues and "won" as if it were the only office on the ballot.

Once in office, they quickly discovered that governing is a lot tougher than campaigning,

that without genuine bonds of party loyalty, coalitions are hard to build.

Like his predecessors, Mr. Clinton found that dealing with members of Congress was often tougher than negotiating with heads of other sovereign states.

The president soon found himself trying to cut deals with people who operate in a ruthlessly self-interested fashion. The classic case came when Senator Herbert Kohl, Democrat of Wisconsin, a multimillionaire who paid for his own campaign, informed the president of the United States that the ceiling on a gas-tax increase was precisely 43 cents. Because Mr. Kohl was a potential swing vote, Mr. Clinton had to accept.

That was just one of many deals that enabled him to pass a budget by a single vote in the House and by Vice President Al Gore's tie-breaking vote in the Senate. NAFTA and other issues brought on more such bargaining. While Mr. Clinton won more often than he lost on final passage, the bargaining process too often

**We Americans ought to be honest and say that the decayed condition of our institutions makes the odds against any president's success daunting.**

involved the sacrifice of important national goals — a rational energy policy, for example.

Cost government some of its moral authority, for the public generally reacted with revulsion to the spectacle of this crude bargaining, not realizing that it is the inevitable by-product of a system in which every office-seeker and officeholder constitutes his or her own party.

The weakening of the American presidency is the result of many forces, including the party splintering just discussed. The growth of government programs has seeped the president's ability to manage anything.

Too many people beyond his reach — federal bureaucrats and state and local officials spending federal dollars — do the day-to-day work of governing for which he is in theory accountable. This president has struggled even to manage his own White House staff, and the fiasco over the Bobby Ray Inman appointment casts doubt on whether he has figured out how to do it.

A series of credibility crises has weakened Americans' trust in their presidents, from Lyndon Johnson and Vietnam to George Bush and Iraq. Clinton has added to the list, with everything from his excuses for missing military service to the special prosecutor on Whitewater.

But this president, unlike several of his predecessors, has an activist agenda; this year alone, he hopes to restructure three basic social programs — education, welfare and health care.

Historically, major changes in domestic policy have occurred in special circumstances, when the country was deep in a recognized crisis (the Great Depression setting the stage for the New Deal) or a president had just won a landslide election victory (Lyndon Johnson and the Great Society of 1965, or Ronald Reagan and the tax-and-budget revolution of 1981).

Neither case fits Mr. Clinton's situation. The doubts he raised in the campaign limited his victory to a plurality of 43 percent, which in turn has reduced his political clout in the hands-to-hand combat with the leaders of the other 535 parties in Washington. Even as the economic recovery bolsters him, his repeated imbricgos, personal and political, drag him back down.

If the parties are weak and the presidency is weak, then what word applies to Congress and its reputation? The lawmakers have long been the butt of jokes, but the contempt in which they are held these days bespeaks something darker and more sinister. An ABC-Wall Street Journal poll last month found only three of 10 respondents expressing approval of the national legislature.

The odds on the legislature are not good in several ways. They are bailing out in record numbers. In 1992, 65 House members retired from Congress; the early pace suggests that the numbers may be even higher this year. Many are relative youngsters, like Representative Tim Penney, Democrat of Minnesota, 42, who said he had been worn down after seven years by frustration with a Congress "that is constantly fragmented and seldom gets anything done."

For those who stay behind, the public mood feeds serious anxiety attacks. Members of the largest freshman class in almost half a century face with dread the prospect of running for the first time with the awful label "incumbent" attached to their names.

Even upstart freshmen weigh and measure each vote for the hidden time bomb it may contain, seeking constant reassurance that an opponent will not zap them with a 30-second spot for "representing" their members in ways that will inflame the public. The talk show network, a House member who came to Congress a quarter-century ago says: "I have never served with more chickens than there are today. They don't want to cast any tough votes."

Politics abhors a power vacuum. The authority lost by the legitimate organs of government — parties, presidents and legislators — flows elsewhere. In America, much of it has been taken over by interest groups, which claim to "represent" their members in ways that elected officials and politicians cannot or will not.

I do not take a purist view of special interests or their financial and political clout. In a diverse, pluralistic society, representation has to

go beyond the mere act of voting on election day. But there is a question of proportion.

When scores of House members receive more than half their campaign funds from political action committees, the balance has shifted in ways that make it virtually impossible for any issue to be considered on its merits. (Health care provides a case in point. The White House has logged into its computers the names of more than 1,100 interest groups with substantial stakes in the health care battle.)

The other recipient of the power that has flowed out of the governing institutions is the press. Willy-nilly, much of the agenda-setting that was done by political parties and elected officials in times past has drifted into the hands of news organizations.

Journalists are ill-equipped for the job. Reporters are instinctively tight promoters. Consensus-building is not our forte — or our job. Launching and carrying through public policy requires sustained effort. The press in all policy requires sustained effort. The press in all policy requires sustained effort. The press in all policy requires sustained effort.

All this hobbles our ability to substitute for political leadership even if we had any claim to do so, which we do not.

Does this mean that governing is impossible? No, but it is increasingly difficult. This is not to make alibis for President Clinton. He promised national leadership and it is up to him to deliver. But we Americans ought to be honest and say that the decayed condition of our vital institutions makes the odds against any president's success pretty daunting.

And we might acknowledge another fact: our own complexity in these problems. Weak as our institutions may be, they have not lost their responsiveness. When the American people send an unequivocal signal of what they want done, Washington still gets the message — and acts.

Look at gun control. For years, polls had shown majority support for stricter measures, but there was so little passion behind the polling numbers that aggressive lobbying could defeat measures like the Brady bill. When voters finally became aroused by repeated incidents of slaughter by gun-toting crazies, Congress, the president and both parties got on the ball.

But often, the people send confusing, contradictory signals to Washington. For example, most Americans say they are satisfied with their own care but would like to see health insurance made available to everyone. They want government to crack down on excesses, frauds and rip-offs that they think are occurring in the health care system. But they don't want a big government bureaucracy or any government official standing between them and their doctor or hospital. And, by the way, they don't want to pay more taxes for more protection.

When people begin to resolve some of these contradictions in their own minds, they may be able to start repairing battered institutions.

The Washington Post.

## When Foreign Operators Rock the Boats in Distant Harbors

By Philip Bowring

HONG KONG — "Extremism in the defense of liberty" was once a conservative claim to virtue, but it never went unchallenged by politicians of a different stripe. Today, however, some extreme forms of free-market philosophy appear to go unquestioned in much of the Western world, despite the instability they may sometimes cause.

Last year France saw in the assault on the franc the machinations of foreign exchange dealers. So how must it feel for a medium-sized Asian country to be subject to waves of foreign money over which it has little control without denying its own long-standing commitments to the merits of the marketplace?

In the past few weeks, most of the stock markets of Asia, and some in Latin America, have shown remarkable volatility. Daily movements in excess of 2 percent have become almost the norm. Movements of 5 percent are no longer a surprise. Even one of 10 percent gets a headline for only a day. No one factor accounts for all of this, but the biggest reason is the flow of foreign portfolio investment, or, in some cases, hot money chasing higher interest rates.

Mostly this has been regarded as "a good thing" by almost everyone except some central banks that must try to neutralize the effect of these flows on their monetary policy. Recipient countries are able to boast of

their nations' attractions to foreign investors. Prices mostly go up. The market participants are naturally in the forefront of those saying that portfolio flows are an unavoidable part of globalization, and will help the more open developing economies by giving them access to cheaper capital than is available on domestic sources. All these are half-truths.

It is worth taking a look at the response of two of the most successful Asian economies, South Korea and Taiwan, to see how they have responded to what has been happening elsewhere. Both have been under severe pressure from Western trade partners for financial sector liberalization, but both have either shelved plans for easing portfolio investment restrictions or even, in the Korean case, put up additional bureaucratic obstacles.

The Seoul bourse has been one of the more stable in Asia because of the relatively small part played by foreign money, which was confined to a few institutions. Indeed, as recently as 18 months ago the fund managers of London and New York who now pay 30 percent premiums for Korean funds would not touch them at a 30 percent discount. Much of the recent movement on the Seoul market has been due to speculation as to

whether the government would raise the foreign limit from 10 to 15 or 20 percent. The government is once again being forced by insisting that the overall interests of the economy take precedence over their interests.

In Taiwan, the government has postponed an increase in foreign portfolio levels. No one could claim that Taiwan's market volatility has ever been foreign-driven, but, as in South Korea, there are money-supply and interest-rate consequences.

Contrast this with Thailand. The foreign portfolio has not just helped lift the stock market by more than 100 percent over a year. It has pushed short-term interest rates down to levels that cannot long be maintained without compromising broader policy objectives.

New Zealand has had to cope with floods of money from "experts" who barely know where it was a few months earlier but learned that it had a reserve bank with an anti-inflation constitution. Result: a flood of money that pushed the currency up and interest rates down far enough to threaten economic damage.

Even India has been affected, although its stock market only recently came into favor. Inflow of \$1 billion to \$2 billion may not seem much to a stock market with capitalization of \$100 billion. But, as in Brazil, which is of similar size, the impact is big because markets are thin relative to capitalization.

Free market advocates often do not understand how the weight of money from Europe and North America can destabilize smaller markets. So far there have been few complaints, because markets have been going up. But remember 1987? At that time Asian markets were far less influenced by foreign portfolio flows than now, yet they slumped even more sharply than Wall Street did. Next time the carnage could be worse, and last longer, becoming a significant political issue. The cry will go up: "Foreigners caused our market to fall 50 percent. In future, keep them out!"

Such sentiments will undermine commitment to more important aspects of the market economy — free trade, flow of direct investment, transfer of technology and so on. This is not to argue against the merits of globalization or of investing in emerging markets. But recent excesses could endanger a lot more than broker, exchange-dealer and fund-manager commissions (and personal account dealers, which drive so many of them). The Korean and Taiwanese are right to be wary. If liberalization and national interest are to be compatible in the long run, economic management of countries like South Korea, Malaysia and Thailand cannot be beholden to the whims of the portfolio allocators and currency speculators.

International Herald Tribune.

## Evidence of Nazi-Communist Collusion Behind the Propaganda

By Stephen Koch

NEW YORK — Even today, it is widely believed that during the 1930s Stalin may have been tyrannical and treacherous but at least his anti-fascism was genuinely anti-fascist. Wasn't it?

The Communists may have done monstrous things, but about Hitler they were ahead of the complacent, appeasing democracies. Weren't they? There is good reason to doubt it.

On the freezing night of Feb. 27, 1933, the parliament building in Berlin, the Reichstag, was demolished by

The Communists counterattacked with a worldwide propaganda campaign, which was vastly more persuasive than the Nazis'. It was officially and popularly welcomed by the West, which appropriately felt threatened by developments in Germany.

The campaign was covertly directed by the secret service of the Communist, the Kremlin's international arm, and masterminded by Willi Münzenberg, the organizational genius behind the Communist's propaganda operations in the West.

Using fact and fiction, he set out to co-opt and lead widespread revulsion against the events in Germany. This set the agenda for the anti-fascism of the era. Mr. Münzenberg's apparatus revealed many Nazi horrors, with a special focus on the leadership of the SA, the Nazi party's private army of brown-shirted thugs, and their commander, Ernst Röhm.

The war of words was designed to reach beyond Communist ranks to enlighten people everywhere — artists, writers, intellectuals, everyone aroused against Nazism. All were drawn in, as well they might have been.

Yet after a seven-month trial before five German judges that was purportedly set up to destroy him and that was marked by unrelenting Nazi prosecutorial invective, Mr. Dimitroff was acquitted late in 1933. How could this have happened?

During the trial, rumors circulated that a secret deal had been struck between the Nazi and Communist secret services, assuring Mr. Dimitroff and his two lieutenants of acquittal. Evidently the rumors were true. The trial was a charade within a charade.

In 1948, Ruth Fischer, a former high-level German Communist, in her book "Stalin and German Communism," published persuasive evidence of just such a covert collaboration, based on her conversations with Communist and Nazi go-betweens.

During the trial, she was let in on the general outlines of the apparent deal by Wilhelm Pieck, who would

become president of East Germany. In 1933 he had sought her assistance in the propaganda operations.

During and after World War II, Miss Fischer systematically tried to learn the whole story, using, among others, Rudolf Diels, a former Nazi deeply involved in the trial and the Gestapo, and Bob Edwards, a former high-level British Communist who had learned details of the apparent conspiracy in Moscow.

In 1989, I interviewed Mr. Münzenberg's widow, Babette Gross, 92, in Munich. She confirmed Miss Fischer's information about a deal. After 1991, when the Communist archives began to open, new documentary evidence revealed high-level contacts between German army officers and Stalin's sides on such matters as General Röhm and the SA and details of Mr. Dimitroff's release.

The evidence on what I had come to regard as the Dimitroff conspiracy seemed close to conclusive.

In 1992, Peter Semergiev, a former member of the Bulgarian party's Central Committee, who had been very close to Mr. Dimitroff, told me that during the '40s and '50s the secret conspiracy was known to him and a few top Bulgarian leaders.

What could possibly have motivated both dictators to make such an arrangement? They fully intended to destroy each other. Yet they had much in common, not least their radical hatred for liberal democracy. And in 1933 each had practical reasons for wanting a propaganda war with more bark than bite.

Neither wanted to escalate their enmity to the level of premature armed conflict. But they needed each other to reinforce the mutual mass fear and loathing that sustained their claims to totalitarian power.

And both seem to have benefited from supplying each other with disinformation to be used against their domestic enemies.

We have long known that Stalin arranged for forgeries made by the

Gestapo to discredit Field Marshal Mikhail Tukachevsky and others he murdered in the Great Terror of 1936-1938. My evidence indicates that Hitler used the NKVD and the propaganda generated by Mr. Münzenberg's apparatus for the murder of General Röhm and the slaughter of his SA storm troopers during the Night of Long Knives on June 30, 1934.

While Himmler's SS blackshirts were machine-gunning their fellow Nazis in the SA, Stalin summoned his closest advisers to the Kremlin for a midnight meeting. According to the memoir of Walter Krivitsky, a senior intelligence officer who defected to the West, Stalin said that at that very hour Hitler was consolidating his power as Europe's most powerful figure. Therefore, the true Soviet policy henceforth would be secretly to seek, despite the anti-fascist appearances,

an accommodation with the Nazis.

This directive, according to Mr. Krivitsky, was handed down six years before the Nazi-Soviet alliance of August 1939 set the stage for World War II. Then, almost certainly, the most urgent reason for the 1930s anti-fascism, was betrayed from within by precisely the Communists who most ardently claimed it as their own.

The differences between communism and fascism were profound, yet there is no doubt that they served each other in destroying freedom. A probable Dimitroff conspiracy is the earliest evidence of that secret bond.

The writer, chairman of the writing division at Columbia University, is author of "Double Lives: How espionage and culture helped the Cold War." He contributed this document to The New York Times.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1894: Bismarck's Return

BERLIN — Prince Bismarck will arrive in Berlin on Friday Jan. 26 and will therefore be able to be present at the court festivities in honor of the Emperor's birthday. He will be lodged in the castle in the suite of apartments occupied by the Czar-vitch on the occasion of his last visit to Berlin. The duration of his stay is not yet determined. General Count Waldersee, the Commander of the 9th Army Corps, whose headquarters is at Altona, only a few miles distant from Prince Bismarck's house, has received orders to proceed to Friedrichshagen, and will probably accompany the ex-Chancellor to Berlin. Various patriotic associations are preparing an imposing reception for the Prince.

### 1919: Problems at Home

LONDON — The "Daily Telegraph's" New York correspondent wires that there are symptoms of

American impatience with the seeming slowness of the Peace Conference. In the absence of the expected business boom many people are asking why President Wilson does not hurry home to give attention to the many pressing problems connected with railroads, shipping, money, credit, production, labor prices and, more particularly, unemployment, which the New York Herald today [Jan. 25] declares is "approaching a perilous stage."

### 1944: U.S. Raid on Sofia

LONDON — [From our New York edition:] The German official news agency, D.N.B. said early today [Jan. 25] that American bombers escorted by fighters attempted to attack Sofia, the capital of Bulgaria, at noon yesterday. Anti-aircraft fire and German and Bulgarian fighter planes dispersed the greater part of the American planes before they reached Sofia, D.N.B. said. A number of the American planes, it said, were shot down.

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## OPINION

## A Guide to the State of the Speech

By William Safire

WASHINGTON — You cannot watch a State of the Union address without a scorecard. Here is a handy-dandy sheet of favorite plays and intricate defenses to paste in your hat as President Bill Clinton and the Congress put on their annual pregame pageant.

1. Watch for the keyword theme-setter. Presidents say, "The State of the Union is —" and then add "good" or "sound," or as one did in an unprecedented fit of candor, "not good." If Mr. Clinton says something like "getting better," keep your eye out for:

2. The climbing-economy credit grab. Ordinarily the results of the first year are blamed on the previous administration; new policies take a year to take effect. This year, however (thanks to the defeat

of the benighted Clinton stimulus package, and to the drop in oil prices bequeathed by President George Bush), the economy continues to grow without inflation. Listen to credit being snatched by Democrats, culminating in:

3. We have all but licked the budget deficit, so come home, Terri voters. Remember those dire \$300 billion red ink projections? Thanks to spending reductions (forced on the administration, but now welcomed) and the aforementioned Clinton climbing economy, we are projecting a piddling \$180 billion next year. Do not expect to hear anyone blamed for egregiously wrong

projections, or credit given skinflints for suggesting that growth, not taxation, is the way out of deficits.

4. Centerpiece time, as he waxes rhapsodic about Health Reform, letting cameras linger on the lady in the gallery, who will not be holding hands with the Fed's Alan Greenspan. (Unemployed Kremlinologists, skilled in measuring proximity to power of bureaucrats stop Lenin's Tomb on May Day, will wait for Hillary's seatmate this year, which may be the clue to this year's Pentagon boss, unless it is skater Nancy Kerrigan.)

5. Listen for Ewawki — acronym for "Ending Welfare As We Know It" — the continued abandonment of which would strangle health reform in its universal crib. Watch for cameras to swing to Daniel Patrick Moynihan's smile of floor-saucerification, as he listens to this surrender to the demand that health and welfare reform be reformed.

6. Observe the frustration on Republican faces as Democrats wildly applaud his brazen kidnapping of the crime issue. Liberal root-causality is dead; it is no crime to steal the opposition's clothes.

7. Catch the List of Popular Accomplishments from national service to the signing of family leave, from happy talk of information superhighways to reinvention of government (which him turn, shake hands with Al Gore, properly calling him "Mr. President" — of the Senate) but note how little is said about controversial actions, from the compromise on gays in the military to support of abortion rights.

8. Listen for the strain in his voice as he tries to claim foreign-policy success in the holding of meetings. He has been practicing the lie of "from meetings in Moscow" to promote democracy to meetings in Tokyo to revive the world economy, our seriousness of purpose is winning respect around the world and getting results; if he tries this lollapalooza of a one-applause line in the State of the Union, observe the embarrassed silence on the left and unseemly guffaws on the right.

9. Bully that pulpit; stand by for uplift. The adept politician presses his oratorical strength. Because Mr. Clinton's strongest speech of the year was delivered at Memphis to a hushed silence, calling for individual moral responsibility and a rebirth of family values, look for a return to this theme — this time, aimed at Americans of all ilk. Park your cynicism with the House doorkeeper; this is what presidents should do, and what Mr. Clinton has shown he can do well.

10. Ask not why the speech is running close to an hour; ask why the assembled solons, Supreme and secretaries are interrupting so often with applause. Because when they are clapping, the camera must their faces. They seldom clap for the president, no matter who he is; they clap for the camera to give them face time with the American people, whose Union is free and prosperous — and though testy and self-absorbed, in a fairly good state.

The New York Times.

## Not Such a Bad Record

By Morris B. Abram

NEW YORK — As the century nears its end, the United States occupies a preeminent position, the most dominant in its history. In part, this has to do with the misfortunes of others — an empire has fallen, countries have fractured, economies sag.

This has been a century of much technical progress, yet it has been the bloodiest ever. Millions died in two world wars; millions more were killed by their own governments. Throughout all this, the United States, for all its difficulties, has remained the hope and haven of those seeking a better life.

In my years at the United Nations, I listened to much criticism of the United States (though less in recent years). It is said to be materialistic, racist, violent and hegemonic. But in this far from ideal world, the United States has established a remarkably admirable record. Twice in this century it came to Europe's rescue. After each salvation, it tried sentimentally to establish the international mechanisms to prevent a recurrence.

After World War II, the United States donated large sums to rebuild the economies not only of its allies but of its defeated enemies. In 1951, although they were weary of war, Americans took up arms to defend Korea. As the anchor of NATO, they shouldered the burdens and risks of containing Communist aggression.

In Vietnam, the American impulse to protect went too far. The ineffectual lesson is that a vibrant democracy can bring down an otherwise good presidency by democratic protest. The succeeding president was himself driven from office after offending their traditions.

These are instances, only a few years apart, in which the American people revolved mandates and toppled commanders in chief by bloodless resistance. Despite the turmoil, American democracy was never threatened.

During this same period, legalized racism has been overcome by legislation and court action. Large segments of society have been obliged to give obedience, sometimes by sullen surrender, to the nation's higher principles, which prevail over prejudice on such explosive issues as race, religion and the language of hate.

Although America is composed of as many ethnic and religious groups as any country, not since the Civil War has any group tried to break away. America's racial patterns are changing and its economy is maturing, but the constant is peaceful adjustment within the framework of a constitution that has been amended only 26 times in more than 200 years.

Crime is a serious concern. But the United States has not yielded its traditions of due process. As with other problems, the nation confronts its concerns through open debate and free elections. Congress has begun to take control of the gun problem.

Economically, the United States is not booming, but its unemployment figures are half those of most of the advanced European countries. The American spirit of free enterprise and open markets has been copied by the prospering Asian states and even by former Communist systems. After years of self-examination, American industry is again among the most efficient in the world.

The most sincere form of flattery may be imitation, but the most convincing evidence of a society's attraction is in immigration patterns. There is no doubt that in the worst of times, the beacon held aloft by the Statue of Liberty has enticed more of mankind than any other light anywhere.

The writer, a former U.S. permanent representative to the United Nations in Geneva, is chairman of the United Nations Watch, Geneva. He contributed this column to the Herald Tribune.



## LETTERS TO THE EDITOR

## The Serbian Church

Regarding "Bosnia's Holocaust Pass the Churches to Shame" (Opinion, Jan. 5) by Henry Siegman:

The Serbian Christian Orthodox Church does not sanction any "recklessness and faithlessness" in Bosnia, as Mr. Siegman alleges. The head of our church, Patriarch Pavle, has prayed for peace and asked all three warring factions to observe rules of human behavior and not to commit atrocities.

During his visit to Austria in November, Patriarch Pavle stated that he would not "accept any Serbia, large or small, as the cost of crimes" and that in Bosnia there were three culprits, not one.

We trust that Protestant, Catholic and Jewish religious institutions will assess Mr. Siegman's call for bombing the Serbs as being reckless and alien to the spirituality of any religion.

IVAN ALEKSIC and MILUN KOSTIC, London.

## Inman and His Detractors

In defense of Bobby Ray Inman, I would like to say that throughout his long career in public service, he has been recognized as being exceedingly bright, capable, honest and a devoted servant of his country.

Now, after his recent confrontation with the media, it is open season on Mr. Inman. If the press's moral crusading is allowed to continue at its present pace, I fear that the overall quality of candidates for public service will dwindle (if it hasn't already), and that the United

States will be saddled with government officials whose only qualifications are a thick skin and a thick head.

PETER B. MARTIN, Monticue, France.

If Bobby Ray Inman can be scared out of Washington by the likes of William Safire, lapdog of two discredited administrations, then as Senator Bob Dole suggests he was probably not the man for the job. But in the future, Mr. Safire should be restricted to commentary on grammar and etymology; his reminiscences of the good old Nixon days threaten a triumph of dullness.

MICHAEL G. HANLY, Paris.

## The Fate of Cypriot Turks

Regarding "Why Turkey Invaded" (Letters, Dec. 15):

T. L. Chrysanthopoulos asserts that "the Turkish Cypriots were never in danger" during the failed Greek coup. That is exactly what my Turkish Cypriot grandparents were told shortly before being abducted and murdered by Greek Cypriot soldiers in Cyprus in 1964.

No one can deny that hundreds of Turkish Cypriot civilians, sometimes entire villages, were slaughtered by the Cyprus (Greek Cypriot) and mainland Greek army during attacks in 1963-64, 1967 and 1973-74. As a result of the Turkish military intervention the lives of thousands of Turkish Cypriots have been saved. So have the lives of Greek Cypriots opposed to the annexation of Cyprus by Greece.

As to the "settlers," mainland Turks

## The Golden Spoiler Elbows Its Ugly Way Onto the Ice

By Anna Quindlen

NEW YORK — Figure skating is like a dream. "Everything was beautiful at the ballet," three dancers with fractured childhoods sing to "A Chorus Line" of their refuge in ice shoes. That is what skating evokes, when the ice is silver-bright, the blades swift, the skater accomplished — a beautiful momentary release from the tatters of real life.

That is somewhat illusory, as any girl-

## MEANWHILE

child who has risen before dawn to practice her compulsory figures day after day, year after year, can testify. Behind the glorious line of leg and upraised arm, behind the double axels and the triple-ice combinations, lie sweat and tears and pain. And behind it all, at the highest levels, lies that golden thing that has become all that glitters in much professional sport today: money.

So why so shocked, sports fans, to find how far and how low the love of lucre can take competitive athletics? Why so shocked to discover that those allied with Tonya Harding's brilliant, bumpy skating career — and, some say, Tonya herself — were allegedly willing to do violence to her rival, Nancy Kerrigan, for a pot of gold at the end of the Olympic rainbow?

Get real. The statistics about top football, basketball and baseball players today are as often the sum total of their commercial endorsements and contract negotiations as they are batting averages or pass completions. Watch Wimbledon and it is like watching a collection of tiny moving billboards, the corporate logos of juice companies and shoe manufacturers plastered on sleeves, wristbands, shorts.

Chris Evert, the champ who always knew the difference between competitive and cutthroat, says she is glad she is not playing tennis professionally today. "Wherever there's more money, there's going to be more downfall."

Jennifer Capriati did not sell her adolescence for the thrill of the percussive sound of tennis ball meeting racket. She spent the years between 13 and 17 to child labor on the professional circuit, earning more than \$1 million. No one should be surprised that bad things are done for that amount of cash, or that Jennifer is now burned out and wants nothing more than to finish high school.

In recent years it has become clear how much athletes are willing to do to win. Featherlight gymnasts, their nih cages allur as they stood with arms raised to the crowd, threw up their low-calorie meals or did not eat in the first place. Steroids became the breakfast of champions for the bulk-up sports. Is it really that great a leap from hurting yourself to hurting the competition?

There may have been a time when the feeling of the earth moving so effortlessly beneath the blades of her skates was Tonya Harding's great reward. And maybe there are moments when those blades still mute the sound of coins clinking, when she forgets that she is famous and just about broke and cares only that she is superb at the sport.

Tonya, like so many others, was in it for the money. Now, with all the bad publicity, it will over come. Tonya is a hard case, tough and smart-mouthed and enormously talented. Had she been a young man in baseball, she might have made a mint. But figure skating is still a dream, and Nancy Kerrigan, not Tonya Harding, is a dream girl, sweet, beautiful, graceful and suited to chiffrons.

No bad childhood, no financial woes, no competition or rewards could ever excuse the moment when someone acting on Tonya Harding's behalf, if not her behest, whacked Nancy Kerrigan in the leg. But why so shocked? The motto of professional athletes has been clear for some time — it isn't how you play the game, it's whether you win. When money is the root of all evil follows.

The New York Times.

## Turkey and Rights

Regarding "Unappreciated Turkey" (Letters, Jan. 5):

Mehmet Oguic seems concerned that Turkey doesn't "receive any meaningful support from its allies, including the United States." I suggest that this may be due to Turkey's poor human rights record, which has been more than adequately documented.

PETER ADAMS, Paris.

## Play It as It Lays

Regarding "Rex Morgan" (Comics, Jan. 10):

If Berna's brother Dexter is "probably laying in bed," he must be laying eggs and in need of English lessons even more than of cooking lessons.

LEONORE SUHL, Portumso, Portugal.

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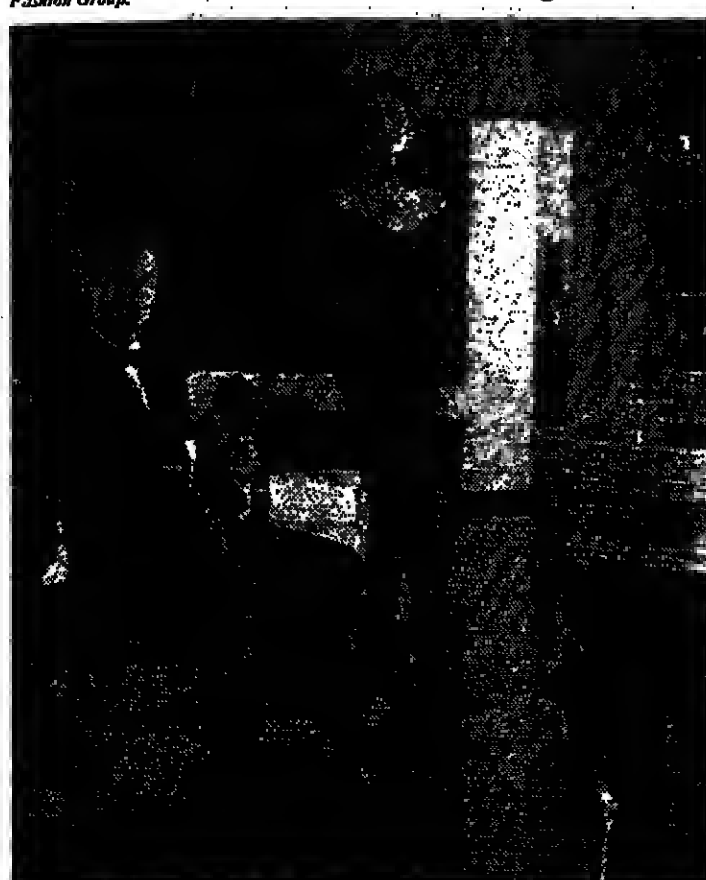


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Steven J. Green and his wife Dorinda in their oceanfront residence at Fisher Island. Mrs. Green is the owner of Helen America at Fisher Island Gallery, and Mr. Green is Chairman of the Board of Sonosonic Corporation, American Tourister, Calligay International and McGregor Fashion Group.



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# Style



Clockwise from top left, jewelry by Yuko Nakajima, Mark Silverman, Paola Longhi and Jasper Lam Siu Yuk, which won Diamonds-International Awards for design.

## Dressing the '90s in Diamonds

PARIS — A gust of fresh air and a flood of daylight have swept through the opulent world of diamonds. That is the message from a new generation of jewelry designers worldwide. The biennial Diamonds-International Awards — the jewelry Oscars announced in Paris — were about the incredible lightness of fine jewels for the 1990s.

Here were diamonds winking from translucent nuggets of rock crystal, sprinkled on a mesh of gold bracelet or quivering at the neck suspended from the skinniest of leather thongs.

The settings might be complex, fancy or even funky — what price a pair of diamond spurs? — but the award winners all had a lightness of touch and technique. The results — some classic, others experimental — are likely to influence not just future designs but also attitudes, which in the past have often been reverential and stuffy.

The new deal was symbolized by the British designer John Galiano, his hair teased into devil's horns, as one of the designer guests whose outfit appeared in the gala fashion-with-diamonds show.

The American jeweler Henry Dunay, whose bold piece flashed with blue enamel was an award winner, praised the energy and color of the designs — and the American sense of humor.

"I see a lot of enamel, with color coming through strong and a sense of designers saying, 'Let's not be afraid,'" said Dunay, citing the Japanese design of

acrylic laid on top of diamonds and American offerings that were "casual and fun" but still exciting.

Mark Silverman, whose glitter gulch diamond spurs could be just the thing to offset your cowboy boots, said he wanted a design that was "whimsical" and "that hadn't been done before — and something western seemed very American."

The rise of the Pacific Rim countries in jewelry design was marked by the first award winner from South Korea: Hee Won Kang's lacquer-and-diamond geometric earrings dripping from lobe to shoulder.

From the Philippines came a striking crystal necklace, the diamonds buried in what looked like irregular ice blocks. "I knew it had to be unique and I played with the crystals," said Jul B. Dixon.

Vibrant enamel colors gleamed from the geometric green neck piece designed by Ann Gerard of France and from the blue enamel cuff with diamond stars and stars from Diego Benetti of Italy. An ecological spirit for the 1990s brought a leaf pin, its surface a mosaic of diamonds and dewdrops in acrylic, from Yuko Nakajima of Japan.

Janis Savitt of the United States expressed the spirit of the exhibits when she said that her diamonds, suspended like raindrops from a necklace of leather thongs, was "to treat diamonds as casual and wear them with everything you own."

Suzi Menkes



Among guests when Ambassador Pamela Harriman (left) hosted the Friends of Blérancourt were Lynn Wyatt (top right) and Nan Kempner.

## Across the Atlantic: Amity and Architecture

By Suzi Menkes  
International Herald Tribune

PARIS — The hostess symbolically wore the pants — and so did all the elegant Franco-American guests — when Ambassador Pamela Harriman opened her residence to the Friends of Blérancourt.

It may be a game devoted to rehabilitating a ruined château, but Friday's fund-raising event was a fancy affair, with a dinner by Taillevent restaurant and a guest list as grand as when the château was rescued by Anne Morgan (daughter of J.P. Morgan) and her Social Register friends.

The raison d'être of Blérancourt is not just its objets d'art and architecture, but the reaffirmation of friendship which has united two countries for more than 200 years," said Harriman.

The American Friends of Blérancourt is devoted to restoring the 17th-century château in Picardy, north of Paris, and supporting its museum, founded by Morgan in the 1920s and recently expanded. Harriman described the buildings and gardens, with American trees and plants, as the symbol of the "great friendship between the two countries."

Harriman, who said wistfully that she had been too busy with affairs of state to attend last week's haute couture collections, was dressed in black pants and a velvet jacket with sparkling buttons from Yves Saint Laurent.

The Blérancourt dinner proved how fashion's new look for the 1990s is taking over from little black dresses and bright brocade jackets — the familiar uniform of le Tout Paris for the past decade. The American contingent, especially, chose soft tunics and jackets worn with trousers straight and narrow or full and flowing.

The stand-out among the social-

ities was Lynn Wyatt, who was wearing an Ungaro embossed velvet tunic and waiting chiffon pants in sea green, which matched the boiserie in the reception room, where bowls of white lilies bloomed in chinoiserie vases.

"But I don't dress for any room — not for anyone except myself," said Wyatt.

Also in pants from Ungaro — in black catout velvet and chiffon — was Florence Grinda. Nan Kempner, with her new pageboy haircut, wore an Yves Saint Laurent outfit of antique gold top with black jacket and pants.

Chic French women wearing pants included Angélique de Moustier, in a curvaceous Thierry Mugler outfit, Adèle de Ravenel in Saint Laurent, and Odile Racamier, wearing black pants with an orange sherbet satin jacket from Claude Montana's couture days at Lanvin.

Her husband, Henry, said that his Orcoff company had sold its 60 percent share in the Îles de la Fresange label to François Louis Vinton. (Îles de la Fresange announced Monday the change of structure and a new president,

Thierry Dufresne, formerly of Lanvin).

Funds raised by the Blérancourt benefit are for projects designed to expand the château's role as a Franco-American cultural center. When Morgan bought the château in 1917, she turned its remaining buildings into a war hospital, and subsequently into a museum to memorialize the American contribution to the war effort, when Ernest Hemingway and Gertrude Stein were drivers with the American Field Service Ambulance Corps. (A sturdy Ford Model T ambulance, with stained canopy stretched over scarred chassis, is on exhibit.)

But Blérancourt is increasingly focusing on art and culture, with prints and engravings displayed in the gatehouse that was Morgan's home and the second gatehouse, which since 1990 has housed the museum's library and archives.

The Florence Gould pavilion, housing the museum's art collection and war memorabilia, was expanded in 1989. Eugénie Angles, the president of Friends of Blérancourt, plans to mount exhibitions of contemporary art in conjunction

with the new American Center in the Berry area of Paris.

The castle grounds will be landscaped to reflect the original 17th-century spirit. The Friends have already sponsored an arboretum of American trees opened in 1986 and gardens of spring and fall flowering plants, opened in 1989.

This is the season to plan a trip to Blérancourt to see the spring garden, with its paths snaking round large grass beds planted with native American tulip trees and its arbor of climbing struts, designed by the American landscape architect Madison Cox, who was at the embassy dinner.

"It was my idea to use plants native to North America" said to incorporate American things, like Thomas Jefferson's curved paths," he said.

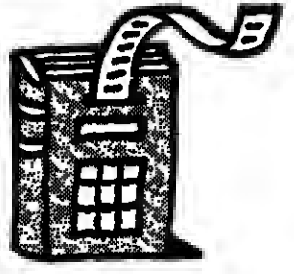
But Cox's boxwood-lined beds, inspired by the gardens of Virginia, hit the first snag of Blérancourt's idyllic Franco-American cooperation. Faced with the romantic "clouds of boxwood" growing "au naturel," the French gardener, in the interests of logic, order and the Gallic gardening tradition, lopped it into a perfect geometric box hedge.

## BOOKS

### WHAT THEY'RE READING

Joel Levy, spokesman at the American Embassy branch office in Berlin, is reading "Chaos: Making a New Science" by James Gleick and "Gray Dawn" by Charles Hoffman.

"I enjoy reading several books during the same period. 'Chaos' is an account of the development of that branch of mathematics which finds the order in apparent chaos. 'Gray Dawn' is an insightful look at the Jewish communities of Eastern Europe." (Michael Kallenbach, IHT)



become a clandestine leader of the Communist International, or Comintern, whose true mission, Koch argues, was not to create international revolution but rather to distract the world from whatever the Soviet dictatorship was about.

In that role, Koch writes, Münzenberg created an extensive network of agents, both writing and unwitting, that extended from London to Paris, from Berlin to Barcelona and from Washington to Hollywood. Through these "agents of influence," he was able to shape the West's perception of events like the Sacco-Vanzetti case, which became an emblem of American injustice; the Reichstag fire, which Hitler used (with Stalin's perverse cooperation) as a stepping stone to power; and the creation of the Popular Front against Fascism. Koch says the left-liberal alliance served mainly to divert the world's attention from the reign of terror that Stalin visited upon his followers.

If Koch is right, then Münzenberg's reach extended to the recruiting of Whitaker Chambers by the Russians and to the founding and editing of the "Stalinoid" New York daily paper PM, every word of which in the paper's first months the author reasons was "approved

in advance" by Dashiell Hammett and Lillian Hellman. "either in New York or at Hellman's farm in Westchester County," Münzenberg's network even affected the behavior of Ernest Hemingway, John Dos Passos and Josephine Herbst in a treacherous incident during the Spanish Civil War.

But however far Münzenberg reached, his efforts were always supervised by Moscow, and contrary to the myth that the Comintern of the 1930s was more idealistic than the NKVD (later the KGB), his objectives were almost identical to those of Stalin's secret police. As Koch repeatedly argues, the point was always to divert the West's attention from Stalin's efforts to consolidate his power by whatever brutal means were required.

"Double Lives" does a remarkable job of knitting together an extensive gallery of portraits with some of the great events of this century. Koch, who is chairman of Columbia University's graduate program in creative writing and a film study, offers several surprising conclusions in his narrative. Among these are his insistence that Stalin was conspiring with Hitler at least six years before their nonaggression

pact was signed in 1939 and that Stalin's real purpose in the Spanish Civil War was not victory for the republic but to purge his enemies on the left and to placate Hitler by arranging for a fascist Spain to menace France and England.

Not the least of his book's curious insights is an account of the stance Stalinists in Hollywood assumed, as described by Münzenberg's widow, Babette Gross, who gave Koch extensive interviews in the summer of 1989: "You claim to be an independent-minded idealist. You don't really understand politics, but you think the title guy is getting a lousy break. You believe in open-mindedness. You are shocked, frightened by what is going on right here in our own country. You are frightened by the racism, by the oppression of the working man. You think the Russians are trying a great human experiment, and you hope it works. You believe in peace. You yearn for international understanding. You hate fascism. You think the capitalist system is corrupt."

Koch does pay a price for the intricacy of his narrative. His central image, which he mentions four times, is the thread that Ariadne gave Theseus to guide him out of the Cretan labyrinth, and in following its twisting path, he is often forced to jump from one subject to another.

Still, Koch's history remains riveting. He is particularly good at analyzing the culture of treason that Münzenberg became so adept at exploiting: the snobbery of the Cambridge elite who thought betrayal meant distinction from the run of the mill, and the avant-garde culture in America that would do anything to escape the scorned middle class.

Christopher Lehmann-Haupt is on the staff of The New York Times.

## CHESS

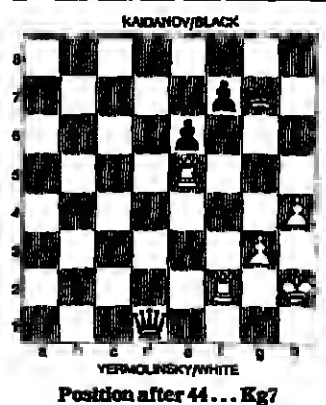
By Robert Byrne  
ALEX YERMOLINSKY met Gregory Kaidanov in Round 2 in the 1993 United States Championship.

The Anti-Meran Gambit in the Semi-Slav Defense, 5 Bg5, features the acceptance of a pawn by Black with 5...d5 and a return of the pawn by Black after 6 e4 b5? 7 e5 b6 8 Bb4 g5 9 Ng5 hg 10 Bg5. It is dubious for Black to recover his material with 10...Be7? since 11 e4 Bf6 Bf6 Qf6 13 g3 Bb7 14 Bg2 Na6 15 Nc4 Qe7 16 O-O-O-O 17 a4 gives White attacking chances.

Black's aim is dynamic counter-attack in the center and on the queenside. Hurrying it with 12...c5, however, is dangerous as indicated by the possibility of 13 d5 Nf6 14 d4? Bb1 15 e7? Qd7 16 Qd7 Nd7 17 Nb5 Be7? 18 f6 19 Bc1 Ke7 20 h4 Bf1? 21 Bc4 Rb8 22 Re1, which gives White the upper hand.

While 14...Ne5? creates a threat of 15...Nd3, as well as 15...Qd4, it is known that 15! is a queen sacrifice trick to meet. After 15...Rad1 16 Rad1, the outcome is unclear, yet White does well on the few occasions that this comes up.

It is not known whether Black has ever ventured 18...Qe2, but it is improbable that he could survive an attack such as 19 Ng5 Qb2 20 Nf7 Rg8 21 Bh3 c3 22 Bc6 Kc7 23 Rb1 Qe2 (23...Qa3? 24 Rb1 Qd6 25 Ra2 traps the queen) 24 Nf6



Bo6, so Kaidanov rushed with 31...Re2 32 f6 Qd4 33 Kh2 Qe5. After 34 Bc6 Bc5 35 Re6 Qf6 36 R6e2! Kd6 37 Ra2 Ke7 38 Re6 Qf1 39 Re6, the white rooks were stronger than the black queen in the end game.

Kaidanov's passive play was ruined by Yermolinsky's 45 Re5! Kf8 46 Rg6!, threatening 47 Rg6!, winning him time for 47 Rg6!.

After 58 Kg5, there was no perpetual check: 58...Qd6 59 R3e6 Qd3 60 Kh6 Qd2 61 g5 decisively threatens 62 Re8 Kf7 63 R6e7 mate. Kaidanov gave up.

SLAV DEFENSE			
White	Black	White	Black
1 e4	d5	1 e4	d5
2 e5	c6	2 e5	c6
3 Nf3	g6	3 Nf3	g6
4 Bb5	Bg7	4 Bb5	Bg7
5 Bg5	h6	5 Bg5	h6
6 Bxh6	Bxh6	6 Bxh6	Bxh6
7 Nxe5	Qe7	7 Nxe5	Qe7
8 Qd2	Qe7	8 Qd2	Qe7
9 Nf3	Qe7	9 Nf3	Qe7
10 Bg2	Qe7	10 Bg2	Qe7
11 O-O	Qe7	11 O-O	Qe7
12 Bf4	Qe7	12 Bf4	Qe7
13 Bg5	Qe7	13 Bg5	Qe7
14 Bxh6	Qe7	14 Bxh6	Qe7
15 Bg2	Qe7	15 Bg2	Qe7
16 Bf4	Qe7	16 Bf4	Qe7
17 Bg5	Qe7	17 Bg5	Qe7
18 Bxh6	Qe7	18 Bxh6	Qe7
19 Bg2	Qe7	19 Bg2	Qe7
20 Bf4	Qe7	20 Bf4	Qe7
21 Bg5	Qe7	21 Bg5	Qe7
22 Bxh6	Qe7	22 Bxh6	Qe7
23 Bg2	Qe7	23 Bg2	Qe7
24 Bf4	Qe7	24 Bf4	Qe7
25 Bg5	Qe7	25 Bg5	Qe7
26 Bxh6	Qe7	26 Bxh6	Qe7
27 Bg2	Qe7	27 Bg2	Qe7
28 Bf4	Qe7	28 Bf4	Qe7
29 Bg5	Qe7	29 Bg5	Qe7
30 Bxh6	Qe7	30 Bxh6	Qe7
31 Bg2	Qe7	31 Bg2	Qe7
32 Bf4	Qe7	32 Bf4	Qe7
33 Bg5	Qe7	33 Bg5	Qe7
34 Bxh6	Qe7	34 Bxh6	Qe7
35 Bg2	Qe7	35 Bg2	Qe7
36 Bf4	Qe7	36 Bf4	Qe7
37 Bg5	Qe7	37 Bg5	Qe7
38 Bxh6	Qe7	38 Bxh6	Qe7
39 Bg2	Qe7	39 Bg2	Qe7
40 Bf4	Qe7	40 Bf4	Qe7
41 Bg5	Qe7	41 Bg5	Qe7
42 Bxh6	Qe7	42 Bxh6	Qe7
43 Bg2	Qe7	43 Bg2	Qe7
44 Bf4	Qe7	44 Bf4	Qe7
45 Bg5	Qe7	45 Bg5	Qe7
46 Bxh6	Qe7	46 Bxh6	Qe7
47 Bg2	Qe7	47 Bg2	Qe7
48 Bf4	Qe7	48 Bf4	Qe7
49 Bg5	Qe7	49 Bg5	Qe7
50 Bxh6	Qe7	50 Bxh6	Qe7
51 Bg2	Qe7	51 Bg2	Qe7
52 Bf4	Qe7	52 Bf4	Qe7
53 Bg5	Qe7	53 Bg5	Qe7
54 Bxh6	Qe7	54 Bxh6	Qe7
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62 Bxh6	Qe7	62 Bxh6	Qe7
63 Bg2	Qe7	63 Bg2	Qe7
64 Bf4	Qe7	64 Bf4	Qe7
65 Bg5	Qe7	65 Bg5	Qe7
66 Bxh6	Qe7	66 Bxh6	Qe7
67 Bg2	Qe7	67 Bg2	Qe7
68 Bf4	Qe7	68 Bf4	Qe7
69 Bg5	Qe7	69 Bg5	Qe7
70 Bxh6	Qe7	70 Bxh6	Qe7
71 Bg2	Qe7	71 Bg2	Qe7
72 Bf4	Qe7	72 Bf4	Qe7
73 Bg5	Qe7	73 Bg5	Qe7
74 Bxh6	Qe7	74 Bxh6	Qe7
75 Bg2	Qe7	75 Bg2	Qe7
76 Bf4	Qe7	76 Bf4	Qe7
77 Bg5	Qe7	77 Bg5	Qe7
78 Bxh6	Qe7	78 Bxh6	Qe7
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84 Bf4	Qe7	84 Bf4	Qe7
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86 Bxh6	Qe7	86 Bxh6	Qe7
87 Bg2	Qe7	87 Bg2	Qe7
88 Bf4	Qe7	88 Bf4	Qe7
89 Bg5	Qe7	89 Bg5	Qe7
90 Bxh6	Qe7	90 Bxh6	Qe7
91 Bg2	Qe7	91 Bg2	Qe7
92 Bf4	Qe7	92 Bf4	Qe7
93 Bg5	Qe7	93 Bg5	Qe7
94 Bxh6	Qe7	94 Bxh6	Qe7
95 Bg2	Qe7	95 Bg2	Qe7
96 Bf4	Qe7	96 Bf4	Qe7
97 Bg5	Qe7	97 Bg5	Qe7
98 Bxh6	Qe7	98 Bxh6	Qe7
99 Bg2	Qe7	99 Bg2	Qe7
100 Bf4	Qe7	100 Bf4	Qe7

## By Watelet, A Debut in Two Colors

PARIS — It was an impressive debut, when Gerald Watelet showed his clothes after Yves Saint Laurent and Valentino at the end of the high-fashion season.

The 30-year-old Belgian designer concentrated on cut, giving a youthful spin to classic double-breasted coats and crisp suits by inserting blocks of contrasting colors. The bicolor theme came, too, on shapely crepe dresses and short swing coats, always with a body-conscious silhouette.

Hemlines were short and sexy, and although these were not clothes to change the direction of fashion, they had a freshness and stylishness that would appeal to a young clientele that was well-heeled — but not platform-soled.

The young Italian designer Luisa Beccaria took a different tack, showing romantic clothes, dripping in nostalgia and old lace. They sometimes created pretty pictures from some lost age of innocence, but lacked a decisive cut to project them into the modern world.

S. M.

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Argentina	001-500-1111	Colombian-English	980-13-0010	India	000-37	Mexico	95-800-77-8000	Puerto Rico	1-800-877-0000	United Arab Emirates	980-431
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Belize (Hotel)	558	Ecuador	171	Korea	0066-35-877	Philippines	02-461	St. Peter	1-800-877-3000	Venezuela-Spanish	800-1111-1
Belize (PTT no phone)	54	El Salvador	191	Korea	0066-35-877	Poland	02-461	St. Thomas and Virgin	1-800-877-3000		
Bolivia	0800-423-08	Finland	9800-4-0264	Korea	558-2155	Portugal	008-12-800	Spain	900-49-0013		
Brazil	0800-3333	France	19-0087	Korea	558-2155	Peru	196	St. Lucia	1-800-877-3000		
British Virgin Isl.	1-800-877-8000	Germany	030-4013	Korea	0039-43	Philippines	02-461	St. Vincent	1-800-877-3000		
Cambodia (Phone Post)	88-05-01	Greece	006-001-411	Kuwait	808-777	Poland	02-461	St. John	1-800-877-3000		
Cambodia (Phone Post)	2270	Honduras	195	Liechtenstein	355-777	Portugal	008-12-800	St. Peter	1-800-877-3000		
Canada	1-800-877-8000	Hong Kong	001-800-121-0000	Lithuania	8-977	Reunion	01-0087	St. Thomas and Virgin	1-800-877-3000		

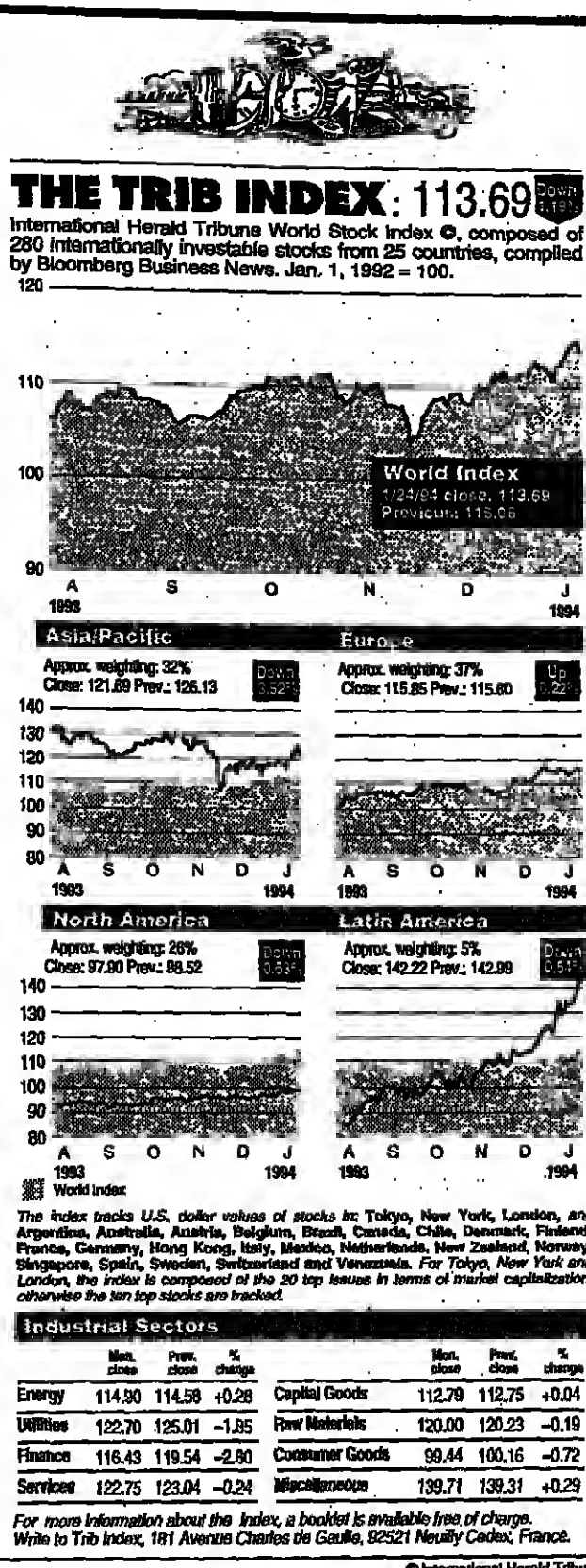
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# BUSINESS

International Herald Tribune, Tuesday, January 25, 1994

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## Alliances 'Not Vital' For SAS

### CEO Aims to Shed Noncore Business

Compiled by Our Staff From Dispatches

**STOCKHOLM**—Scandinavian Airlines System's new chief executive pledged on Monday to take the company back to basics and discard unprofitable activities, saying the carrier could prosper without further alliances.

Jan Stenberg, 54, who will take over as president and chief executive on April 1, held open the door to alliances but said they were not vital to SAS's survival.

He also said a restructuring plan initiated in November was "tough" but "credible" and that he believed it might be possible to speed it up.

Mr. Stenberg, deputy managing director of L. M. Ericsson AB, was named to head the airline on Monday. He will replace Jan Rejnäs, who has been acting president since September when Jan Carlzon resigned to pursue a merger with Swissair, KLM Royal Dutch Airlines and Austrian Airlines.

After the collapse of the project to November, SAS said it would either have to find a new partner or resign itself to becoming a feeder airline.

But Mr. Stenberg said on Monday that "there are probably inter-relationships and SAS is typically just that bit smaller, just beneath the bracket of the very big" European airlines.

He said he was confident that SAS could continue "if appropriate" on its own without simply being "downgraded to a local feeder."

"We will continue to seek cooperation with other carriers," Mr. Stenberg said, "but we don't want to bind ourselves by saying to what form, or when."

Asked if SAS, which diversified into related services such as hotels and catering during the boom years of the 1980s, would now concentrate on its core business, Mr. Stenberg said: "Yes. That is the strategy of the board."

In November, SAS posted a pre-tax loss of 1.13 billion Swedish kronor (\$136.6 million) for the first nine months. (Reuters, Bloomberg)

## Airline Pricing Takes Off

### Fare System Spreads to Other Industries

By Adam Bryant  
New York Times Service

**NEW YORK**—For consumers who prize themselves on knowing where the best buys are and how much to pay for them, life is becoming complicated.

The same thinking that created airline fares that seem to change dizzily from one day to the next is spreading. Businesses from cruise lines to hotels are taking a page from the airlines' playbook and using powerful computer technology to set prices based on the up-to-the-minute demand for their products.

This digital upgrade of the law of supply and demand means that the cost of renting a truck from Ryder System Inc. could rise and fall by more than \$200, or the price of a cruise on Royal Caribbean could change by \$1,000 on the same ship for the same type of cabin. People who stay at Sheraton hotels can save from 5 percent to 30 percent on the cost of a room by booking 14 days in advance.

For these companies and others, computer software holds the promise of increasing their profits by allowing them to price their products much more efficiently.

But what companies may gain on the one hand they may lose on the other.

"It don't like it at all," said Carol Christian of Katoah County, New York, who flies frequently on her job as a training consultant. "It causes consumers a lot of unnecessary stress because you always have the sense that you didn't get the best deal, and it puts an awful big burden on you to get the right information."

Al Ries, a marketing specialist in Greenwich, Conn., said that whenever companies offered more than one price, customers typically assumed that everything above the lowest price was intended to gouge them.

"You undermine your goodwill," Mr. Ries said.

Airline executives acknowledged that many customers resent their pricing systems, where a round-trip ticket from New York to Los Angeles can cost from \$400 to \$1,400. They said legions of travelers scour the airlines' reservation systems for loopholes with a fervor they typically reserve for tax time.

Some companies that are buying the airlines' pricing technology have tried to avoid the carriers' mistakes by, among other things, limiting the size of price swings.

"Fortunately, I think the airlines bore the brunt of having to re-educate consumers," said Andy Anderson, director of operations and support services for Ryder's consumer truck rental division.

When France's railroad system started using computers last year to set prices by demand rather than by distance, the complexity of the new fare structure and the additional time required to issue tickets prompted complaints from travelers and travel agents.

Elsewhere, however, AMR Corp., the parent of American Airlines, which helped the French railroad, seems to be having better luck introducing the technology. Its subsidiary American Airlines Decision Technologies has about 110 clients, with about 35 signed up since 1988 for help in managing capacity and prices.

They include travel and tourism companies like

## Boeing Expects Sales to Keep Sliding in '94

Compiled by Our Staff From Dispatches

**SEATTLE**—Boeing Co. reported on Monday that its revenue dropped precipitously last year, and forecast the slide would go on in 1994 as a result of the airline industry's slump.

The big maker of commercial jetliners, reporting its financial results for the final three months of 1993 and for the calendar year, said its net earnings dropped 14.8 percent in the quarter, to \$304 million, from \$357 million a year earlier.

The most recent quarter's earnings worked out in 89 cents a share, down from \$1.05 a share in the year-earlier quarter but better than the 83 cents a share that market analysts had expected, on average.

As a result, the company's stock fell only moderately, losing 75 cents a share, to close at \$44.375, on the New York Stock Exchange.

Sales in the final quarter of 1993 dropped 24.5 percent, to \$5.66 billion, bringing revenue for the year to \$25.44 billion, off 15.7 percent.

Boeing also said it expected 1994 revenue to drop by as much as 20 percent from the 1993 figure, to between \$20 billion and \$21 billion. It forecast that sales would pick up in mid-1995, once the company begins shipping its new 777-series jetliners.

Net earnings for full-year 1993 dropped to \$1.24 billion, or \$3.66 per share, compared with \$1.55 billion, or \$4.57 per share, in 1992 before a charge for retiree health benefits. After the charge, 1992 earnings were \$552 million, or \$1.62 per share.

High development costs for the 777 program and reduced investment income were other factors hurting 1993 earnings, the company said. The 777 is to undergo its first test flight this summer.

Boeing said its research expense would rise in 1994 from 1993's level of \$1.66 billion.

David Pizzimenti, an analyst at Nomura Research Institute, cited the expected high level of R&D spending this year in cutting his earnings per share forecast to between \$2.10 and \$2.15, from \$2.35.

He noted that demand for new civilian aircraft remains weak because of overcapacity.

Wolfgang Demisch, an analyst at Bankers Trust, cut his 1994 forecast for earnings per share to around \$2.20 from \$2.40.

Boeing said production was expected to drop in 1994 from 18.5 jetliners per month in the first quarter of 1993, from a peak of 39.5 in 1992. But it said it was "well-positioned for the next growth cycle in the commercial jet transport market." (Bloomberg, AFX, Reuters, Knight-Ridder)

## Australian Insurer Is Hamstrung in Hong Kong

By Kevin Murphy  
International Herald Tribune

**HONG KONG**—Accusing rivals of mounting a smear campaign against it, the life insurer National Mutual Asia Ltd. scrambled Monday to keep intact a sales force that has helped make it a leader in the industry's fastest growing market.

However, Top Glory Insurance said it planned to hire as many as 100 sales agents as possible from its Australian-controlled rival. Top Glory is a small concern indirectly owned by a state-owned Chinese food enterprise and a Hong Kong company led by Francis Yuen, the former chief executive of the colony's stock exchange.

The developments appear to make likely a clash between one of the most successful Hong Kong-listed subsidiaries of a large Western company and a group that boasts some of the biggest names in the new Hong Kong business establishment.

The surprise resignation Thursday by the company's chief executive, Andrew Yang, sparked a two-day, 24 percent dive in National Mutual Asia's share price when investors learned that a third of the company's sales force might follow.

As Western insurers focus on Asia, particularly Hong Kong, to expand among the region's rising middle classes, qualified sales forces have become the key to rapid growth and a target for poaching by newcomers.

"An agent sales force is everything in this business," said Steven Li, an analyst with Jardine Fleming Broking Ltd. "You can't grow sales premiums without increasing your sales force and, in general, when agents leave, policyholders often go with them."

National Mutual Asia, a subsidiary of Australia's National Mutual Life, admitted the partial loss of its sales force "may result in a decrease in the amount of new business being written" and threatened legal action against Mr. Yang.

National Mutual Asia, which has more than 3,000 agents, controls about 30 percent of the Hong Kong market for life insurance.

While National Mutual Asia said a campaign aimed at damaging its reputation and its attractiveness as an employer has been under way for several weeks, and that it had fired a number of executives it described as "ring leaders," it refused to name its rival.

Mr. Yuen, the chief executive of Singapore-listed Summa Investments, which in turn owns Top Glory Insurance, told Bloomberg Business News it was coincidental that his company had placed advertisements seeking new agents to local newspapers the day after Mr. Yang resigned.

"We want to establish a base in Hong Kong but the big potential market is in China," Mr. Yuen said, according to Bloomberg.

Top Glory's expansion will be helped by influential owners that include Seabase International Holdings and Mr. Yuen's Seapower Resources International, according to Bloomberg.

While National Mutual Asia's share price halted its slide Monday, gaining 15 cents to close at 5.55 Hong Kong dollars, analysts and industry observers said the key to its future performance lay in management's ability to rally its sales force and stall the departure of those who hope to join a rival.

"This is a very important event in the development of the Asian insurance markets," said the managing director of one of the foreign companies that dominate the Hong Kong market. "We're probably going to see more events like it. More and more international groups want to get into these markets, and the people to sell the policies just aren't there."

In Hong Kong it has been estimated that premiums of more than 10 billion Hong Kong dollars (\$1.3 billion) were collected in 1993 from only one third of the potential 2.5 million customers.

Annual premiums two years ago were about 3,700 Hong Kong dollars, about 6 percent of the average person's income. Analysts said agents now believed their target should be 10 percent.

Further afield, the potential for growth is higher still. Japanese life insurance in the early 1990s enjoyed average premiums per capita of \$1,620. South Korea came next with \$412, Taiwan had \$215 and Singapore \$178.

But the greatest expansion appears possible in Malaysia, where per capita premiums equaled \$299, with Thailand at \$215, the Philippines at \$8 and Indonesia at \$1.

## Thinking Ahead

### Let Japan Change at Its Own Pace

By Reginald Dale  
International Herald Tribune

**WASHINGTON**—Are the Japanese different? Does their unique economic system give them an unfair advantage over Western competitors? Do they need cruel and unusual trade treatment to whip them into line?

President Bill Clinton's aggressive trade policy toward Japan assumes that the answer to these questions is "yes." The idea is that Japan's economic philosophy is so far removed from that of other countries, so impervious to Western open-market concepts, that the only answer is to rig the rules against Japan through import quotas and managed trade.

Japan, in other words, must be forced to become a normal country.

Ahead of Mr. Clinton's meeting with Prime Minister Morihiro Hosokawa in Washington next month, U.S. officials are trying to browbeat a bitterly reluctant Japan into agreeing to such an approach. But the premises on which the approach is based are eroding.

Of course Japan is different, but it is rapidly becoming less so. Indeed, according to two new assessments by American specialists, Japan is getting more and more like America—perhaps more so than it wants. With luck, that should in turn make Americans less paranoid about Japan.

Frederick L. Schott has acquired a deep knowledge on Japan, working, as he puts it, "on the front lines of communications between Japan and America," as a writer and interpreter.

In his book "America and the Four Japanese," he said the Japanese, particularly the younger generation, are starting to think and

even look like Americans. "The Japanese mind is being Americanized," he said.

What is more, he observed, Japan is beginning to be touched by some of the worst aspects of American society, including drugs, juvenile delinquency, a waning work ethic, an overemphasis on consumption and falling literacy among the young. Even Japan's cherished racial homogeneity is fraying.

The economy, too, is fast losing its uniqueness, according to Gary R. Saxonhouse, a professor at the University of Michigan, who maintains that Japan's days as an unrivaled economic superpower are over.

Japan's annual economic growth rate, he

The country is already becoming more Western; there's no need to mete out cruel and unusual trade treatment.

said, after peaking at 12 percent in the early 1970s, is in a slide that could soon end with it settling at the much lower levels of the other advanced industrial countries. If and when that happens, Japan's share of global output will also stop rising and probably start to fall.

"While the emergence of Japan as a new economic power seems very recent, Japan may never be much more important relatively speaking than it is today," Mr. Saxonhouse wrote in International Economic Insights magazine. "Most assuredly, Japan is in long-term structural decline."

That means that in the coming years Japan is going to spend more, import more and export relatively less than it does now. The problem of the seemingly intractable Japanese trade surplus will, in Mr. Saxonhouse's words, "diminish if not evaporate."

So it makes even less sense for Washington to try to press Japan into the American mold by brute force. Of course, there is plenty of room for improvement in Japan's trade practices. But Japan is not quite so different, or quite such a threat, as many Americans still seem to think.

## CURRENCY & INTEREST RATES

Cross Rates Jan. 24									
	£	¥	DM	FF	Sc	SFr	Sw	CS	Peso
Australia	1.60	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Canada	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
France	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Germany	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Italy	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Japan	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Spain	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Sweden	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Switzerland	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Taiwan	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
UK	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35
US	1.35	105.00	1.35	1.35	1.35	1.35	1.35	1.35	1.35

Eurocurrency Deposits Jan. 24									
	Dollar	DM	Swiss	French	Yen	ECU			
1 month	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4			
3 months	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4			
6 months	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4			
1 year	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4			

Key Money Rates Jan. 24									
	United States	Canada	UK	France	Germany	Italy	Japan	Spain	Sweden
3-month Treasury bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Treasury note	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
3-month Treasury bond	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
3-month Eurodollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Eurodollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Eurodollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

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## MARKET DIARY

## Interest-Rate Fears Pull Dow Off Highs

**Bloomberg Business News**

NEW YORK — U.S. stocks declined Monday amid concern about a rise in interest rates and a market slump in Japan.

The Dow Jones industrial average closed 1.69 points lower, at 3,912.79, after soaring 22.52 Friday to a record 3,914.48. The average hit a session high of 3,934.46 on

## N.Y. Stocks

Monday before a burst of computer-driven sell orders helped knock stock prices lower.

The slide in stock prices was triggered by concern about a rise in interest rates, as the yield on the 30-year Treasury bond climbed to 6.29 percent from a Monday low of 6.26 percent, analysts and fund managers said.

On the New York Stock Exchange, 10 common stocks were lower for every seven that rose. Trading was active, with about 296.9 million shares changing hands on the Big Board.

The decline in stock prices was minimal compared with how well the market has done this year. The Dow industrials have climbed 11 of the past

16 trading sessions, up almost 5 percent since the start of the year.

Japan's Nikkei 225 index lost almost 5 percent of its value overnight, falling 954.19 points, to 18,353.24.

"The political turmoil in Japan merely adds to a list of potential problems we see buffeting the U.S. stock market in the first quarter," said Gail Dudack, market strategist at S.G. Warburg & Co.

Other problems, she cited as increasing odds that corporate profits would fall below analysts' expectations and the possibility that interest rates will rise as commodity prices move higher.

So far this month, companies are reporting fourth-quarter earnings above expectations, said Don Hays, director of investment strategy at Wheat First Butcher & Singer.

Shares of International Business Machines Corp., Caterpillar Inc. and Apple Computer Inc. were among those that rallied on optimism about the earnings outlook.

IBM shares gained 3 1/2 to \$84 amid expectations the company would unveil its first profitable quarter in a year when it releases its latest financial results Tuesday.

## Views Diverge Sharply On Yen/Dollar's Path

**Bloomberg Business News**

NEW YORK — The dollar slipped against European currencies on Monday, but rose a little against the yen despite concern about trade relations between the United States and Japan.

The dollar closed at 111.650 yen, up from 111.60 yen at Friday's close.

The U.S. currency fell to 1.7511 Deutsche marks from 1.7542 DM.

## Foreign Exchange

to 5.9425 French francs from 5.9565 francs and to 1.4668 Swiss francs from 1.4685 francs. The pound rose to \$1.4945 from \$1.4927.

Treasury Secretary Lloyd Bentsen said Sunday in Tokyo that the United States would take other measures to curb Japan's swelling trade surplus if negotiations with Japan, unsuccessful so far, prove fruitless.

Some market participants say, on the basis of such talk, that the yen will strengthen as the United States, impatient with the slow pace of trade talks, pressures the crippled Japanese government with talk of a stronger yen. Other traders say the yen will weaken as Japan's political crisis deepens and plans to spur the economy are delayed.

"People are trading the trade

war," said Lisa Finstrom, currency analyst at Smith Barney Shearson, pointing to sales of dollars for yen.

"A weak economy spells trouble on the trade front," she said. "Until the Japanese economy picks up, import demand will be slack. Strange as it may seem, the dollar probably won't rise beyond 113 yen until Japan starts to recover, she said."

But earlier trading in Tokyo pointed to a weaker yen. The dollar rose to an 11-day high of 112.47 yen there, buoyed by speculation that the government of Prime Minister Morihiro Hosokawa could topple.

"Hosokawa is on thin ice," said David De Rosa, director of foreign-exchange trading at Swiss Bank Corp. in New York.

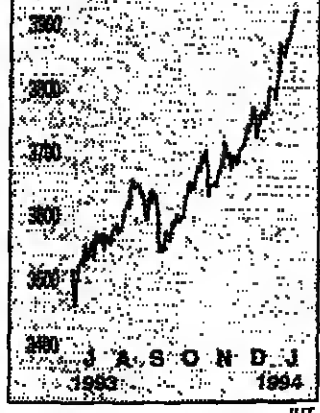
The dollar slipped against the mark amid talk that the Bundesbank on the health of the German currency.

A Bundesbank council member, Edgar Meister, said the mark's stability was a priority and that attempts to revive Germany's flagging economy with large interest-rate cuts were "doomed to failure."

The mark has fallen almost 10 percent against the dollar since mid-October. Traders suspect that the Bundesbank has been selling dollars in recent weeks to stem the slide.

## The Dow

Daily closings of the Dow Jones Industrial Average



## NYSE Most Active

Vol.	High	Low	Close	Chg.
IBM	216.00	215.00	215.00	-0.25
Apple	22.00	21.75	21.75	-0.25
Microsoft	22.00	21.75	21.75	-0.25
Oracle	22.00	21.75	21.75	-0.25
Sun	22.00	21.75	21.75	-0.25
HP	22.00	21.75	21.75	-0.25
Intel	22.00	21.75	21.75	-0.25
Northern Telecom	22.00	21.75	21.75	-0.25
WorldCom	22.00	21.75	21.75	-0.25
Verizon	22.00	21.75	21.75	-0.25

## AMEX Most Active

Vol.	High	Low	Close	Chg.
Goldman Sachs	10.00	9.75	9.75	-0.25
JP Morgan	10.00	9.75	9.75	-0.25
Bank of America	10.00	9.75	9.75	-0.25
Wells Fargo	10.00	9.75	9.75	-0.25
Citigroup	10.00	9.75	9.75	-0.25
First Union	10.00	9.75	9.75	-0.25
Bank One	10.00	9.75	9.75	-0.25
Capital One	10.00	9.75	9.75	-0.25
Discover	10.00	9.75	9.75	-0.25
Marriott	10.00	9.75	9.75	-0.25

## NYSE Diary

Class	Prev.	Chg.
Advanced	1.00	0.00
Declined	1.00	0.00
Unchanged	1.00	0.00
Total Issues	1.00	0.00
New Issues	1.00	0.00

## Amex Diary

Class	Prev.	Chg.
Advanced	1.00	0.00
Declined	1.00	0.00
Unchanged	1.00	0.00
Total Issues	1.00	0.00
New Issues	1.00	0.00

## NASDAQ Diary

Class	Prev.	Chg.
Advanced	1.00	0.00
Declined	1.00	0.00
Unchanged	1.00	0.00
Total Issues	1.00	0.00
New Issues	1.00	0.00

## Dow Jones Averages

Open	High	Low	Close	Chg.
Indus	3912.79	3912.79	3912.79	-1.69
Transp.	1017.79	1017.79	1017.79	-0.43
Utilities	219.79	219.79	219.79	-0.11
Comp	1415.19	1415.19	1415.19	-0.44

## Standard &amp; Poor's Index

	High	Low	Close	Chg.
Industrials	553.97	549.73	550.49	-2.99
Transp.	445.62	440.80	443.57	-2.64
Utilities	168.37	166.15	166.15	-2.17
Finance	46.97	46.54	46.63	-0.22
SP 500	475.28	471.69	471.97	-2.73
SP 100	440.77	436.50	436.96	-3.71

## NYSE Indexes

	High	Low	Last	Chg.
Composite	263.30	261.98	261.73	-1.37
Industrials	273.08	320.83	321.19	-1.57
Transp.	281.12	278.62	280.01	+1.21
Utilities	234.78	222.30	222.30	-2.48
Finances	219.14	217.73	218.07	-0.76

## NASDAQ Indexes

	High	Low	Close	Chg.
Composite	792.04	790.48	790.48	-1.85
Industrials	830.74	827.10	827.10	-4.64
Banks	698.87	697.03	697.03	+0.90
Insurance	922.68	919.55	920.53	-4.04
Financials	878.02	875.24	878.40	+2.80
Transp.	771.26	766.79	769.10	+3.21
Utilities	185.02	182.70	182.78	-1.04

## AMEX Stock Index

High	Low	Close	Chg
484.74	482.97	483.37	483.37

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**Dow Jones Bond Averages**

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Class	Chg
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## Dow Jones Bond Averages

Class	Prev.	Chg.
20 Bonds	104.00	-0.01
10 Bonds	104.00	-0.01
10 Bonds	104.00	-0.01
10 Bonds	104.00	-0.01
10 Bonds	104.00	-0.01

## Market Sales

NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume
NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume
NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume
NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume

## S&amp;P 100 Index Options

Class	Prev.	Chg.
Advanced	1.00	0.00
Declined	1.00	0.00
Unchanged	1.00	0.00
Total Issues	1.00	0.00
New Issues	1.00	0.00

## NASDAQ Diary

Class	Prev.	Chg.
Advanced	1.00	0.00
Declined	1.00	0.00
Unchanged	1.00	0.00
Total Issues	1.00	0.00
New Issues	1.00	0.00

## EUROPEAN FUTURES

Open	High	Low	Close	Chg.
Indus	3912.79	3912.79	3912.79	-1.69
Transp.	1017.79	1017.79	1017.79	-0.43
Utilities	219.79	219.79	219.79	-0.11
Comp	1415.19	1415.19	1415.19	-0.44

## Food

Dec	N.Y.	N.Y.	278.50	281.00	— 1.00
Mar	N.Y.	N.Y.	278.50	281.00	— 1.00

Est. volume: 531. Prev. volume: 1244. Open Int.: 13,150.

London Commodity Exchange cocoa and coffee prices were not available for this edition due to transmission problems.

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## Metals

## Metals

Dollars per metric ton				
Soot	1172.50	1172.50	1172.00	1173.00
Forward	1189.00	1190.00	1187.50	1190.50
COPPER CATHODES (High Grade)				
Dollars per metric ton				
Soot	1844.00	1847.00	1842.50	1843.50
Forward	1849.50	1850.00	1845.00	1848.50
LEAD				
Dollars per metric ton				

## Stock Indexes

1991	3175.00	3188.00	3188.00	3170.00
Forward	3639.00	3648.00	3648.00	3630.00
TIN				
Dollars per metric ton				
Spot	4955.00	4965.00	4965.00	4950.00
Forward	5010.00	5020.00	5020.00	5005.00
ZINC (Special High Grade)				
Dollars per metric ton				
Spot	997.50	998.50	1004.50	1005.50
Forward	1011.00	1016.00	1022.50	1024.00

## Financial

3-MONTH STERLING (LIFPE)				
1500.000 - prs of 100 pcr				
	94.72	94.68	94.69	Unch.
Mon	94.72	94.69	94.70	+ 0.02
Tue	94.72	94.69	94.70	+ 0.02
Wed	94.72	94.69	94.70	+ 0.02
Thu	94.72	94.69	94.70	+ 0.02
Fri	94.72	94.69	94.70	+ 0.02
Sat	94.72	94.69	94.70	+ 0.02
Sun	94.72	94.69	94.70	+ 0.02
Mon	94.72	94.69	94.70	+ 0.02
Tue	94.72	94.69	94.70	+ 0.02
Wed	94.72	94.69	94.70	+ 0.02
Thu	94.72	94.69	94.70	+ 0.02
Fri	94.72	94.69	94.70	+ 0.02
Sat	94.72	94.69	94.70	+ 0.02
Sun	94.72	94.69	94.70	+ 0.02

## 2-MONTH STERLING (LIPPE)

3-MONTH EURO DOLLARS (LFFFE)				
1st session - pts of 100 pct				
Mar	94.64	94.63	94.65	1/16ct
Apr	94.35	94.35	94.36	+0.01
May	94.04	94.04	94.06	+0.01
Jun	93.84	93.84	93.88	+0.01
Jul	N.T.	N.T.	93.54	+0.01
Aug	N.T.	N.T.	93.30	+0.03
Sep	N.T.	N.T.	93.10	+0.02
Oct	N.T.	N.T.	92.90	+0.02
Est. volume: 423. Open Interest: 10,57.				
3-MONTH EURO MARKS (LFFFE)				
1st session - pts of 100 pct				
Mar	94.79	94.72	94.79	+0.03
Apr	94.83	94.73	94.82	+0.04
May	95.17	95.06	95.16	+0.04
Jun	95.39	95.29	95.38	+0.03
Jul	95.54	95.45	95.54	+0.02

## 3-MONTH EURO DOLLARS (LIPPE)

Jun	142.75	142.75	143.00	0.00
Est. volume: 174,752, Open Int: 67,122.				
<b>LONG GIFT (LIFFE)</b>				
DMA 254,808 - pts of 100 pct				
Mar	114.72	114.14	115.25	+0.05
Jun	115.25	115.25	115.25	+0.25
Est. volume: 47,149, Open Int: 184,193.				
<b>GERMAN GOVERNMENT BUND (LIFFE)</b>				
DMA 254,808 - pts of 100 pct				
Mar	100.14	99.77	100.15	+0.04
Jun	100.11	99.86	100.18	+0.03
Est. volume: 145,737, Open Int: 174,500.				
<b>Industrials</b>				
High	Low	Last	Settle	Chg.

## 6-MONTH EURO DOLLARS (LIPPE)

Mar	142.25	140.75	142.75	142.25	Unch.
Apr	142.75	140.25	142.00	142.00	Unch.
May	142.00	140.00	141.75	141.75	+0.25
Jun	142.00	140.75	142.75	142.50	+1.00
Jul	144.50	143.25	144.25	144.25	+0.75
Aug	146.50	145.00	146.50	146.50	+1.00
Sep	148.50	147.25	148.50	148.50	+1.00
Oct	151.00	150.25	151.00	151.75	+0.75
Nov	153.25	152.50	153.25	153.75	+1.25
Dec	154.00	154.50	154.00	154.00	+0.00
Jan	154.50	154.25	154.50	154.75	+0.75
Est. volume: 14,916.		Open Int: 116,612			

## 12-MONTH EURO DOLLARS (LIPPE)

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## U.S. FUTURES

Open	High	Low	Close	Chg.
Indus	3912.79	3912.79	3912.79	-1.69
Transp.	1017.79	1017.79	1017.79	-0.43
Utilities	219.79	219.79	219.79	-0.11
Comp	1415.19	1415.19	1415.19	-0.44

## Grains

Est. volume: 34,787. Open Int. 154,054				
Stock Indexes				
	High	Low	Close	Change
NYSE 100 (LIFFE)				
525 per index point				
Mar	2504.0	2403.0	2499.8	-41.0
Jan	2590.0	2488.0	2524.5	-3.5

## Metals

LONDON METALS EXCHANGE		
INT'L Petroleum Exchange		
Spot Commodities		
Commodity	Today	Prev.
Aluminum, lb	0.522	0.52
Coffee, Braz. lb	0.61	0.60

## Stock Indexes

Stk. (1000 shares)	3.35	3.37
Trn. lb	3.35	3.37
Zinc lb	0.49	0.453

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N.Y.S.E. Odd-Lot Trading			
	Buy	Sales	Short
Jan. 21	1,005,357	1,577,518	62,76

## Financial

Dividends				
Company	Per Amt	Pay	Re	
CORRECTION				
Std Federal Bk	x .15	2-15	3-	

## 2-MONTH STERLING (LIPPE)

INITIAL			
Amer Ntl Svcs Bk	298	1-31	2-14
Semconformic Elec	285	1-31	2-14
Southern Fincl Fed	25	1-31	2-14
IRREGULAR			
Cap Rity Inv III	12	1-31	5-14
Ericsson SA Ltd B	28257	2-8	2-28
Goldfield SA Ltd	202	2-8	2-28
Midwest Engrs	12	2-8	2-14
Peoples Bk Conn	39	2-7	2-14
y-spread quoted per ADR			
REGULAR			
AmerFirst ProcrF	M 1288	1-31	2-14

## 3-MONTH EURO DOLLARS (LIPPE)

Can Rely Inv I	M	58	1.31	2.25
Can Rely Inv II	M	58	1.31	2.25
Can Water	M	58	1.31	2.25
Chemtech Inc	Q	11	2.4	2.15
ESB Bancorp	Q	27	2.4	2.15
Edison Vance Munitd	M	551	2.1	2.15
Fingerhut Cos	Q	84	2.3	2.2
Firststar Corp	Q	26	1.31	2.15
Freightway McResour	Q	46	1.31	2.15
Guaymas Mills	Q	149	1.31	2.15
HF Financial	Q	125	2.2	2.15
Homestake Mining	Q	255	2.2	2.15
Laverton Cos LP	Q	50	1.31	2.15
Litton Tech	Q	60	1.31	2.15
Omega Bancorp	Q	285	2.2	2.15
Omega Healthcare	Q	54	2.2	2.15
Pioneer Fincl	-	55	2.25	2.15



# German Banks Are Urged to Share Windfall

Bloomberg Business News

FRANKFURT — German banks will save an estimated 1.1 billion Deutsche marks (\$629 million) annually from last week's cut in minimum reserve requirements, Johann Gaddum, vice president of the Bundesbank, said Monday.

While not a direct means of easing credit to consumers, the central bank "assumes" bank customers will share the savings, which amount to a 0.3 percentage point cut in banks' credit costs, Mr. Gaddum said. German banks, which are reporting record earnings amid the country's worst recession in decades, have been criticized for their apparent reluctance to let their customers share in the benefits of the Bundesbank's series of interest-rate cuts since the summer of 1992.

Just how much of the cheaper credit they pass on to customers depends on the level of competition, but "in a hard competitive environment they'll probably be induced to pass them on," said Mr. Gaddum, the Bundesbank board member responsible for money markets.

Last Thursday, the Bundesbank lowered banks' minimum reserve requirements to 5 percent of sight deposits, which include low-interest-bearing checking and savings

accounts with immediate access, effective March 1.

That compares with a range of 6.5 percent to 12.1 percent previously. Minimum reserves refer to the deposits the commercial banks are obliged to maintain in non-interest-bearing accounts at the central bank.

The cut means German banks will have about 18 billion DM more to lend and invest. Assuming these funds are invested at about 6 percent, the current rate for overnight interbank transactions, the banks will realize 1.1 billion DM in interest earnings previously out of reach, Mr. Gaddum said.

Regarding the discount and securities repurchase rates, which the Bundesbank left unchanged when its policy-making council met last Thursday, Mr. Gaddum said the minimum difference between the discount and repo rates acceptable to the Bundesbank is about a quarter-point, where it stands now.

## 3.3% State Inflation

Consumer prices in the state of North Rhine-Westphalia rose 0.8 percent in January from December and were up 3.3 percent year-on-year, the state statistics office said Monday. AFP-Exel News reported from Düsseldorf.

# What's an Alitalia Manager to Do?

## Bisignani Has Cut Losses, but Still May Face the Ax

Bloomberg Business News

ROME — Burdened with a reputation for indifferent service and fares that failed to fill seats, Alitalia SpA was sliding deeply into debt when Carlo Verri and Giovanni Bisignani took over the national airline in 1989.

Mr. Verri, the chairman, died in a car accident less than a year later, but not before mapping a recovery plan that Mr. Bisignani, as managing director, has used to improve service and halve losses for four straight years.

Alitalia, it appears, will survive. But Mr. Bisignani may not be around to enjoy it. The newspaper La Repubblica and Corriere della Sera have reported that the government's plans to restructure the airline include a change in top management.

The speculation disappoints some analysts. Removing Mr. Bisignani, they say, is unlikely to help, no matter who succeeds him.

"He is a good manager but this recession has brought down many a good manager," said Albert Alonzo, chief Italy analyst at Credito Italiano International.

Alitalia declined to comment on the newspaper reports, as did officials at Istituto per la Ricostruzione Industriale, or IRI, the state holding company that owns 86 percent of the publicly traded airline's stock.

Investors evidently share the government's disenchantment. From a five-year high of 2,417 lire (now \$1.41) a share when Mr. Verri and Mr. Bisignani took over, Alitalia stock slid to 603 lire in 1992. It has now recovered somewhat, trading close to 800 lire.

Airline industry experts said that Mr. Bisignani had done a good job in cutting losses, and that Alitalia's problems were largely out-

side his control. The real problem, they said, is that Alitalia is, essentially, state-owned. With the exception of British Airways PLC, which is free of government control, "all the European airlines are in deep trouble," said John Eichner, chairman of the airline consulting firm SH&E, based in New York.

"It's simple," he said. "They all have too much capacity for the amount of demand."

Being government-controlled, Alitalia lacks the freedom to make needed but unpopular reductions in staff and routes.

Despite that handicap, Mr. Bisignani has

fleet, saving fuel costs, and he is credited with installing a greater service mentality.

"It used to be awful," recalls Mr. Alonzo. "You were never sure if your flight would go or not, and they didn't really care."

Alitalia has been one of the few European carriers to gain market share across the Atlantic in recent years. It carries 51 percent of passengers flying between Italy and the United States, up from 46 percent in 1989.

But if the carrier were to cut resources on its trans-Atlantic routes, that could leave an opening for U.S. carriers to gain share. Compounding these problems is the lack of a decent airport in the affluent, industrial Lombard region around Milan. Rather than change planes at Fiumicino, Alitalia's international gateway airport near Rome, many travelers prefer other European cities — and other airlines — to connect with intercontinental flights.

Mr. Bisignani confronted yet another problem when Romano Prodi was brought in to run IRI last summer.

Mr. Prodi, a former professor, has demonstrated little patience for unprofitable companies under his control.

He has shuffled the management of the steel group ILVA SpA, the construction group Italcementi SpA and the telecommunications holding company STET SpA. He has broken up and sold the food company SME Meridionale SpA, sold the bank Credito Italiano SpA and is about to sell Banca Commerciale Italiana SpA.

Alitalia is considered "strategic" and will not be sold by the government. But analysts said, the airline may be next in line to get the Prodi treatment.

**'He is a good manager, but this recession has brought down many a good manager.'**

Albert Alonzo, analyst.

won praise for cutting losses. In 1990, his first full year in charge, he more than halved the airline's losses, to \$9.7 billion lire (\$52.5 million) from 220 billion lire the year before. He more than halved losses again in 1991, to 35.5 billion lire, and repeated the feat in 1992, when losses shrank to 17.6 billion lire. The loss in 1992 amounted to 0.3 percent of revenue. That compares to losses of 2.3 percent for revenue for Lufthansa and 5.7 percent for Air France.

Mr. Bisignani has done much to slash costs at Alitalia, analysts say. He upgraded the

# Unemployment: Blacker Than Painted

By Alan Friedman

International Herald Tribune

PARIS — Effective unemployment levels in the world's five leading industrial countries are substantially higher than current figures show, a study released on Monday by American Express Bank in London concluded.

But in a forecast that contrasts with the view of a number of businessmen and economists, the study contended that talk of a jobless recovery following recession is misplaced. It asserted instead that employment levels could rebound faster than expected once a healthier pace of economic growth resumes over the next year or two.

The study found that official unemployment figures tend to underestimate effective unemployment because they do not include "discouraged" workers, meaning those people who want to work but

who are not actively looking because they believe their chances of finding work are slim.

Taking these workers into account transforms cross-country comparisons and narrows the differentials among major industrial countries. The adjusted unemployment level in France is 13.7 percent, against an official level of 12 percent; the adjusted figure for Britain is 12.3 percent, against 9.8 percent.

Japan's adjusted rate jumps 9.6 percent, compared with 2.7 percent officially, while the U.S. rate is effectively 9.3 percent instead of 6.4 percent, Amex Bank said.

The stark disparity between actual and adjusted rates for Japan resulted from the large number of women workers who traditionally drop out of the Japanese labor force during recession.

The study said the adjusted rate of unemployment could not be cal-

culated for Germany because relevant data on discouraged workers was not available. But the bank said it believed that the European trend held true in Germany as well.

The Amex Bank report, prepared by Tapan Datta, a senior economist, found that on average more than a 10th of the work force in the top five nations may effectively be unemployed.

Mr. Datta said in his analysis that the rates of economic growth needed to stabilize the level of unemployment "do not look particularly high" in relation to the growth of the 1980s. He also predicted economic recovery would not be plagued by an inflation problem for a considerable time, largely because the gap between actual output and potential output will remain substantial.

The Amex Bank economist nonetheless said that Continental Europe — whose economic cycle lags those

of the United States and Britain — will not begin reducing its unemployment rate until 1995 and thereafter will suffer higher levels of structural joblessness than the United States, Japan or Britain. Even at the trough of the recent U.S. recession, unemployment stayed below 8 percent, while it has already reached double-digit peaks in European economies such as France and Italy.

Although the Amex Bank study played down the loss of jobs to low wage countries as a less significant factor than industry's drive to increase productivity, Sir Michael Perry, chairman of Unilever Group, on Monday offered a more pessimistic view. Sir Michael said in a speech in Bombay that West European industry was becoming increasingly uncompetitive because of high labor costs. He added that he saw little prospect that a recovery from recession would create jobs.

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2400	3600	2400
2300	3400	2300
2200	3200	2200
2100	3000	2100
2000	2800	2000
1900	2600	1900
1800	2400	1800
1700	2200	1700
1600	2000	1600
1500	1800	1500
1400	1600	1400
1300	1400	1300
1200	1200	1200
1100	1000	1100
1000	800	1000
900	600	900
800	400	800
700	200	700
600	0	600
500		500
400		400
300		300
200		200
100		100
0		0

Sources: Reuters, AFP

International Herald Tribune

## Very briefly:

- Dresdner Bank AG complained that investigators from the State Superior Court in Düsseldorf were aggressive and threatened force in searching bank offices in connection with alleged illegal transfers of customer funds to Luxembourg. Dresdner said it was considering a complaint to Germany's Constitutional Court.
- Fried. Krupp AG Hoesch-Krupp's Krupp Stahl AG unit said it would cut 2,800 jobs this year in addition to previously announced job reductions; the company said its work force would be 15,900 by the end of 1994, down from 18,700 at present, and a further 10 percent of jobs would be eliminated in 1995.
- Union des Assurances de Paris expects profit of about 1.5 billion francs (\$254.0 million) for 1993, the low end of the range it estimated in the autumn; the insurer is to be privatized this year.
- Christian Dior SA, the French fashion and perfume house, will raise about 5 billion francs of fresh capital this year to finance its increase of control over LVMH Moët Hennessy Louis Vuitton SA; LVMH is 44.6 percent-owned by Jacques Rober, which is 93.55 percent-held by Dior.
- Credit Suisse and its Swiss Volksbank unit have merged all of their investment-fund activities into a new company called Credits International Fund Holding.

## Upbeat U.K. Business Survey

Reuters  
LONDON — British companies are increasingly confident and expect orders from home and abroad to pick up in coming months, according to a quarterly survey from the Confederation of British Industry published Monday.

The CBI said the survey showed Britain's economic recovery was gaining strength, at least for now. David Lees, chairman of the confederation's economic affairs committee, said: "Looking further ahead, there remains uncertainty about the effect on the recovery of the significant tax increases due to the coming into effect in April, but for the present the economy is moving forward." The survey, conducted between Dec. 17 and Jan. 12, found confidence on the increase for the fifth quarter in a row. Orders and output rose over the previous four months at the strongest rate for five years, the CBI found, and investment intentions were positive for the first time since 1989.

## Mirror Group Takes Part In Bid for Independent

Compiled by Our Staff From Dispatches

LONDON — Mirror Group Newspapers PLC said Monday it had formed a consortium to bid for Newspaper Publishing PLC, the company that owns the Independent and the Independent on Sunday.

Mirror Group, plus three of the Independent's founders and European shareholders, who already own 47 percent of Newspaper Publishing, make up the consortium, Mirror said.

Newspaper Publishing had a pre-tax loss of £486,000 (\$725,000) in its financial year that ended Sept. 30. The Independent has been plagued by shrinking circulation and a cut in price of its closest competitor, The Times.

If the rescue plan succeeds, The Independent will sacrifice its founding principle of independent ownership, but is supposed to retain editorial independence.

Under the plan, the publisher of El Pais, and the owner of La Repubblica would raise their combined holding, now just under 37 percent, to above 50 percent. But Mirror Group, expected to have about 40 percent, would renounce the right to vote on the hiring and firing of editors.

(AP, Reuters)

## NASDAQ

Monday's Prices  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	12 Month Low	Div	Yld	PE	100s	High	Low	Latest	Chg	12 Month High	12 Month Low	Div	Yld	PE	100s	High	Low	Latest	Chg
120	100	1.00	4.00	15.00	100	120	100	110	+10	120	100	1.00	4.00	15.00	100	120	100	110	+10
110	90	0.80	3.50	14.00	90	110	90	100	+20	110	90	0.80	3.50	14.00	90	110	90	100	+20
100	80	0.60	3.00	13.00	80	100	80	90	+10	100	80	0.60	3.00	13.00	80	100	80	90	+10
90	70	0.40	2.50	12.00	70	90	70	80	+10	90	70	0.40	2.50	12.00	70	90	70	80	+10
80	60	0.20	2.00	11.00	60	80	60	70	+10	80	60	0.20	2.00	11.00	60	80	60	70	+10
70	50	0.10	1.50	10.00	50	70	50	60	+10	70	50	0.10	1.50	10.00	50	70	50	60	+10
60	40	0.05	1.00	9.00	40	60	40	50	+10	60	40	0.05	1.00	9.00	40	60	40	50	+10
50	30	0.02	0.50	8.00	30	50	30	40	+10	50	30	0.02	0.50	8.00	30	50	30	40	+10
40	20	0.01	0.25	7.00	20	40	20	30	+10	40	20	0.01	0.25	7.00	20	40	20	30	+10
30	10	0.00	0.10	6.00	10	30	10	20	+10	30	10	0.00	0.10	6.00	10	30	10	20	+10
20	0	0.00	0.05	5.00	0	20	0	10	+10	20	0	0.00	0.05	5.00	0	20	0	10	+10
10	0	0.00	0.02	4.00	0	10	0	0	+10	10	0	0.00	0.02	4.00	0	10	0	0	+10
0	0	0.00	0.00	3.00	0	0	0	0	+10	0	0	0.00	0.00	3.00	0	0	0	0	+10







## ASIA/PACIFIC

# Speculators, Under Pressure, Dump Ringgit

**Bloomberg Business News**  
KUALA LUMPUR — The ringgit fell Monday to its lowest level against the U.S. dollar for more than two years after the central bank escalated its campaign to punish speculators who had bet the Malaysian currency would strengthen.

In spot trading, the dollar rose 2.39 Malaysian cents, to 2.7640 ringgit, after trading as high as 2.77 during the day. It was the highest close since 2.7690 on Sept. 9, 1991.

Dealers said offshore speculators were dumping ringgit, losing tens of millions of dollars in the process, because Bank Negara was making it hard for them to operate.

Bank Negara, the central bank, has taken a series of actions to quell speculative inflows that it believes are causing the money supply to grow too fast. Excess liquidity was depressing short-term interest rates and raising fears of inflation, economists said.

In its latest move, the central bank on Saturday barred residents from selling short-term monetary instruments to nonresidents.

At the same time, Bank Negara said it was requiring commercial banks to keep funds from foreign institutions held in noninterest-free accounts on deposit with the central bank.

Commercial banks will be free to draw on these funds for withdrawals for customers, but cannot use the deposits to back loans. One banker said foreigners will probably face new carrying charges for such accounts — adding to the costs of anyone trading for short-term gains.

"Bank Negara is trying to make sure the short-term money is not disturbing monetary policy," said Ghazali Atan, an economist at ST Securities, who is a former official at the Economic Planning Unit of the Prime Minister's office.

"They have managed to find ways to separate the short-term inflow, and the longer-term capital which is desired," he said.

One foreign-exchange dealer said he believed the new policies would chase away short-term currency speculators, but added it could take time for them to sell all their ringgit. That means the Malaysian currency's fall could continue, dealers said.

A bank executive said Bank Negara could maintain the dollar as high as 2.85 ringgit for months.

As for the stock market, Wong Yee Kiu, research manager at J.M. Sassoon, said he believed long-term investors would be impressed by Bank Negara's commitment to keeping inflation below 4 percent.

## Pending: New Patent Law

### U.S. Offers Time Concession to Japan

By Andrew Pollack  
New York Times Service

TOKYO — The United States has agreed to change its patent law to prevent patent holders from seeking royalties long after they first made their inventions.

In an agreement with Japan that was signed in Tokyo on Thursday with little fanfare, the United States said it would adopt a system in which patents, once granted, would be valid until 20 years after the date on which they were filed. Currently, American patents are valid for 17 years from the date they are granted.

Occasionally, patents take a decade or two to be granted because they are held up in appeals and amendments. When this happens under the existing system, an inventor can obtain a 17-year monopoly on an invention made long ago and demand payments from companies that have long been using the technology on the assumption it was not protected by patents.

Because these patents remain hidden for a long time and suddenly surface, they have been called submarine patents.

One example was that of Gilbert Hyatt, a California inventor who was granted a patent in 1990 for a computer on a chip, the key component of personal computers and many other devices.

Mr. Hyatt had filed for the patent 20 years earlier. While his application wended its way through the Patent Office, a huge industry producing microprocessor chips and personal computers and consumer electronics devices grew up based on similar technology. But companies in this industry said they never

**Japanese firms have been angered by what they see as frivolous royalty demands by U.S. inventors.**

heard of Mr. Hyatt nor relied on his invention.

Yet Mr. Hyatt has tried to demand, with mixed success, millions of dollars from a broad range of electronics companies. Had the terms of the patent protected him only for the 20 years from the date of filing, Mr. Hyatt would not have been able to collect any royalties by the time his patent was granted.

Japanese companies have been angered by what they see as

frivolous royalty demands by American companies and inventors with submarine patents. In Japan, patents are valid for 20 years from the date of filing.

The agreement to change the American law was signed by Bruce Lehman, commissioner of the U.S. Patent and Trademark Office, and Wataru Aso, Japan's patent commissioner. Any change in patent law must be approved by Congress.

In exchange, Japan agreed to accept patent applications filed in English, provided that a Japanese translation follows in a reasonable period of time. American officials said this change would help foreign companies win patents in Japan, which awards patents to the first party to file for one on a particular invention, rather than the first person to invent it.

Since the Japanese system puts a premium on filing patent applications quickly, having to translate them into Japanese first can be an impediment. In addition, one American official said, there have been cases where patents have been denied because mistakes in translations made the application incorrect. Under the new agreement, Japan will allow fairly translations to be corrected.

## Acer Aims To List 20 Subsidiaries

Bloomberg Business News

TAIPEI — Acer Inc., one of the world's largest computer makers, plans to list 20 subsidiaries on stock exchanges around the world by the year 2000, its chairman said Monday.

Acer, whose sales rose about 58 percent, to \$1.9 billion, last year, currently has only the parent company listed. Acer Inc. which manufactures notebook computers, is traded on the Taiwan Stock Exchange.

"In order to welcome the 21st century," Acer expects to have at least 21 companies listed, said Stan Shih, the chairman.

Among its approximately 50 overseas units, one of the first it hopes to list is Acer America Corp., its U.S. subsidiary, said Philip Peng, vice president of Acer Inc.

"The New York Stock Exchange will be the first priority," he said. Underlying the plan is a strategy of transferring ownership and management to local investors, tapping overseas capital, reducing risk and better responding to market trends, Mr. Peng said.

"It's very good news," said Michael Hung, an electronics industry analyst with Jardine Fleming Taiwan Securities. "We've discussed integration of the company before, but nothing like this. It will make the subsidiaries more responsible for profits and losses."

## Investor's Asia

Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong Hang Seng		11,800.00	11,489.30	+1.23
Singapore Straits Times		2,318.27	2,281.73	+1.60
Sydney All Ordinaries		2,224.50	2,250.30	-1.15
Tokyo Nikkei 225		18,353.24	19,307.43	-4.94
Kuala Lumpur Composite		1,064.55	1,063.76	+0.07
Bangkok SET		1,461.59	1,408.46	+3.77
Seoul Composite Stock		887.96	877.75	+1.16
Taipei Weighted Price		5,957.88	5,870.03	+1.20
Manila Composite		3,112.51	3,106.51	+0.19
Jakarta Stock Index		588.05	590.26	-0.37
New Zealand NZSE-40		2,272.14	2,279.82	-0.34
Bombay National Index		1,829.80	1,801.76	+1.56

Sources: Reuters, AFP

International Herald Tribune

## Very briefly:

• Taiwan's National Science Council said four foreign groups had bid to supply Taiwan's first satellite, to be launched late in 1997; the bidders are TRW Inc., Space Systems/Loral, Matra Marconi, and a group comprising Israel Aircraft Industries, Dornier GmbH and Alcatel Alsthom SA.

• Japan's carmakers are likely to make fewer vehicles than U.S. carmakers in 1994, Nankaku Research Institute forecast.

• PT Sumalindo Lestari Jaya, an Indonesian wood processor whose major shareholders are PT Barito Pacific Timber and PT Astra International, said it would go public by offering 25 million shares, or 20 percent of its paid-up capital, to raise about 200 billion rupiah (\$95.3 million).

• Sarawak's state government, moving to privatize Sarawak Electricity Supply Corp., will pay 1.49 billion ringgit (\$596 million) for a 55 percent stake in Dunlop Estates Bhd., a unit of Multi-Purpose Holdings Bhd., and transfer to it a 45 percent holding in the power company.

Reuters, AFP

## COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

### United States

#### Amer. Brands

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	3,814	3,772	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Corning

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Lyondell Petrochem.

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Ashland Oil

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Boeing

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Citigroup

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Clorox

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Eastman Kodak

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### General Electric

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Johnson & Johnson

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Merck & Co.

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Novartis

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Pfizer

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Roche

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Schering-Plough

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Schwarz

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Schwarz

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

### Europe

#### Boehringer Mannheim

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Novartis

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Pfizer

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Schering-Plough

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Schwarz

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

#### Schwarz

4th Qtr.	1993	1992	4th Qtr.	1993	1992
Revenue	1,048	1,048	Revenue	1,048	1,048
Net Inc.	146	146	Net Inc.	146	146
Per Share	0.71	0.71	Per Share	0.71	0.71

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## INTERNATIONAL FUNDS

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (m) - bi-monthly; (f) - fortnightly (every two weeks); (q) - quarterly; (s) - semi-annually; (y) - annually.

A - Australia; AS - Austrian Schillings; BF - Belgian Francs; CS - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs;  
 S - Swiss Francs; £ - British Pounds; \$ - U.S. Dollars; ¥ - Japanese Yen; Z - Zaire; \* - Other Prices, N.A.  
 FL - Dutch Florin; Lit - Italian Lira; LP - Luxembourg Franc; p - penny; S - Stock; SPS - Stock SPS; - Ex-Dividend; - Ex-Rts. - Other Price Incl. 3% premium charge; - Pans exchange; -  
 Not Available; N.A. - Not Communicated; - New; - suspended; SPS - Stock SPS; - Ex-Dividend; - Ex-Rts. - Other Price Incl. 3% premium charge; - Pans exchange; -  
 Antwerp exchange; e - misquoted earlier; - not registered with regulatory authority; P - middle of bid and offered price; E - estimated price; d - NAV calculated 2 days prior to publication.

10. INFORMATION ON THE COMPANY

**Herald** INTERNATIONAL **Tribune**

FILED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

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# AMEX

**Monday's Closing**  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
100	100.00	100.00	100					100	100.00	100.00	100			
101	101.00	101.00	101					101	101.00	101.00	101			
102	102.00	102.00	102					102	102.00	102.00	102			
103	103.00	103.00	103					103	103.00	103.00	103			
104	104.00	104.00	104					104	104.00	104.00	104			
105	105.00	105.00	105					105	105.00	105.00	105			
106	106.00	106.00	106					106	106.00	106.00	106			
107	107.00	107.00	107					107	107.00	107.00	107			
108	108.00	108.00	108					108	108.00	108.00	108			
109	109.00	109.00	109					109	109.00	109.00	109			
110	110.00	110.00	110					110	110.00	110.00	110			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
111	111.00	111.00	111					111	111.00	111.00	111			
112	112.00	112.00	112					112	112.00	112.00	112			
113	113.00	113.00	113					113	113.00	113.00	113			
114	114.00	114.00	114					114	114.00	114.00	114			
115	115.00	115.00	115					115	115.00	115.00	115			
116	116.00	116.00	116					116	116.00	116.00	116			
117	117.00	117.00	117					117	117.00	117.00	117			
118	118.00	118.00	118					118	118.00	118.00	118			
119	119.00	119.00	119					119	119.00	119.00	119			
120	120.00	120.00	120					120	120.00	120.00	120			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
121	121.00	121.00	121					121	121.00	121.00	121			
122	122.00	122.00	122					122	122.00	122.00	122			
123	123.00	123.00	123					123	123.00	123.00	123			
124	124.00	124.00	124					124	124.00	124.00	124			
125	125.00	125.00	125					125	125.00	125.00	125			
126	126.00	126.00	126					126	126.00	126.00	126			
127	127.00	127.00	127					127	127.00	127.00	127			
128	128.00	128.00	128					128	128.00	128.00	128			
129	129.00	129.00	129					129	129.00	129.00	129			
130	130.00	130.00	130					130	130.00	130.00	130			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
131	131.00	131.00	131					131	131.00	131.00	131			
132	132.00	132.00	132					132	132.00	132.00	132			
133	133.00	133.00	133					133	133.00	133.00	133			
134	134.00	134.00	134					134	134.00	134.00	134			
135	135.00	135.00	135					135	135.00	135.00	135			
136	136.00	136.00	136					136	136.00	136.00	136			
137	137.00	137.00	137					137	137.00	137.00	137			
138	138.00	138.00	138					138	138.00	138.00	138			
139	139.00	139.00	139					139	139.00	139.00	139			
140	140.00	140.00	140					140	140.00	140.00	140			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
141	141.00	141.00	141					141	141.00	141.00	141			
142	142.00	142.00	142					142	142.00	142.00	142			
143	143.00	143.00	143					143	143.00	143.00	143			
144	144.00	144.00	144					144	144.00	144.00	144			
145	145.00	145.00	145					145	145.00	145.00	145			
146	146.00	146.00	146					146	146.00	146.00	146			
147	147.00	147.00	147					147	147.00	147.00	147			
148	148.00	148.00	148					148	148.00	148.00	148			
149	149.00	149.00	149					149	149.00	149.00	149			
150	150.00	150.00	150					150	150.00	150.00	150			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
151	151.00	151.00	151					151	151.00	151.00	151			
152	152.00	152.00	152					152	152.00	152.00	152			
153	153.00	153.00	153					153	153.00	153.00	153			
154	154.00	154.00	154					154	154.00	154.00	154			
155	155.00	155.00	155					155	155.00	155.00	155			
156	156.00	156.00	156					156	156.00	156.00	156			
157	157.00	157.00	157					157	157.00	157.00	157			
158	158.00	158.00	158					158	158.00	158.00	158			
159	159.00	159.00	159					159	159.00	159.00	159			
160	160.00	160.00	160					160	160.00	160.00	160			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
161	161.00	161.00	161					161	161.00	161.00	161			
162	162.00	162.00	162					162	162.00	162.00	162			
163	163.00	163.00	163					163	163.00	163.00	163			
164	164.00	164.00	164					164	164.00	164.00	164			
165	165.00	165.00	165					165	165.00	165.00	165			
166	166.00	166.00	166					166	166.00	166.00	166			
167	167.00	167.00	167					167	167.00	167.00	167			
168	168.00	168.00	168					168	168.00	168.00	168			
169	169.00	169.00	169					169	169.00	169.00	169			
170	170.00	170.00	170					170	170.00	170.00	170			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
171	171.00	171.00	171					171	171.00	171.00	171			
172	172.00	172.00	172					172	172.00	172.00	172			
173	173.00	173.00	173					173	173.00	173.00	173			
174	174.00	174.00	174					174	174.00	174.00	174			
175	175.00	175.00	175					175	175.00	175.00	175			
176	176.00	176.00	176					176	176.00	176.00	176			
177	177.00	177.00	177					177	177.00	177.00	177			
178	178.00	178.00	178					178	178.00	178.00	178			
179	179.00	179.00	179					179	179.00	179.00	179			
180	180.00	180.00	180					180	180.00	180.00	180			

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Stock	Div	Yld	PE	100s
181	181.00	181.00	181					181	181.00	181.00	181			
182	182.00	182.00	182					182	182.00	182.00	182			
183	183.00	183.00	183					183	183.00	183.00	183			
184	184.00	184.00	184					184	184.00	184.00	184			
185	185.00	185.00	185					185	185.00	185.00	185			
186	186.00	186.00	186					186	186.00	186.00	186			
187	187.00	187.00	187					187	187.00	187.00	187			
188	188.00	188.00	188					188	188.00	188.00	188			
189	189.00	189.00	189					189	189.00	189.00	189			
190	190.00	190.00	190					190	190.00	190.00	190			

129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	1
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